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Stock Code: 4626
May 27, 2022

To Our Shareholders:

Eiji Sato
President and CEO

TAIYO HOLDINGS CO., LTD.

388 Ohkura, Ranzan-machi, Hiki-gun, Saitama 355-0222, Japan

NOTICE OF 76TH ORDINARY GENERAL SHAREHOLDERS' MEETING

You are cordially invited to attend the 76th Ordinary General Shareholders' Meeting of Taiyo Holdings Co., Ltd. (the "Company"), which will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights in writing (by postal mail), via the Internet, or other means. Please review the attached Reference Documents for the General Shareholders' Meeting and exercise your voting rights no later than 5:00 p.m. on Friday, June 17, 2022 (Japan Standard Time).

Meeting Details

- 1. Date and Time:** Saturday, June 18, 2022 at 1:00 p.m. (Japan Standard Time)
- 2. Venue:** STATION CONFERENCE Ikebukuro Room 1, 12F, Metropolitan Plaza building
1-11-1 Nishi-Ikebukuro, Toshima-ku, Tokyo, Japan

3. Purpose:

Items to be reported:

1. Business Report and Consolidated Financial Statements for the 76th Period (from April 1, 2021 to March 31, 2022), and results of the audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
2. Non-Consolidated Financial Statements for the 76th Period (from April 1, 2021 to March 31, 2022)

Items to be resolved:

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Partial Amendment of the Articles of Incorporation
- Proposal 3:** Election of Nine Board Directors
- Proposal 4:** Election of Three Audit & Supervisory Board Members
- Proposal 5:** Revision of the Compensation System for Board Directors
- Proposal 6:** Revision of the Compensation Amount for Audit & Supervisory Board Members

4. To Institutional Investors

Institutional investors who have requested to use the Electronic Voting System Platform run by Investor Communications Japan (ICJ), which was established by Tokyo Stock Exchange, Inc. in partnership with Broadridge Financial Solutions, Inc. as electronic exercise of voting rights in advance, may do so.

Reference Documents for the General Shareholders' Meeting

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 this figure at a minimum of 5% based on the consolidated financial results for the mid- to long-term.

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 37.00 yen per common shareTotal dividends: 2,085,122,531 yen
- (3) Effective distribution date for dividends of surplus
June 20, 2022

On October 1, 2021, the Company performed a stock split at a ratio of two shares per each common share. The above year-end dividend is equivalent to 74.00 yen per share when converted to the per-share dividend prior to the stock split. The annual dividend for the fiscal year under review, including an interim dividend of 65.10 yen, is equivalent to 139.10 yen per share prior to the stock split.

Proposal 2: Partial Amendment of the Articles of Incorporation

1. Reason for Proposal

The Company proposes to make additions to, amendments to, and deletions of the provisions of relevant articles for the following reasons.

- (1) In order to enhance the independent and objective management supervision functions of the Company, the provisions of Article 25 of the current Articles of Incorporation (Convener and Chair of Board of Directors) will be amended.
- (2) In order to prepare for future emergencies and enable agile management of General Shareholders’ Meeting, the provisions of Article 13 (Convocation) of the current Articles of Incorporation will be amended due to the enforcement of The Act for Partially Amending the Industrial Competitiveness Enhancement Act and Other Related Acts (Act No. 70 of 2021).

Article 13, paragraph 2 of the Proposed Amendments will take effect on the condition that confirmation by the Minister of Economy, Trade and Industry as well as the Minister of Justice is received with regard to the Company holding a General Shareholders’ Meeting without specifying a physical venue.

- (3) In order to support the introduction of a system for the electronic provision of General Shareholders’ Meeting reference materials in line with the revision of the Companies Act, Section 8 Supplementary Provisions and Article 50 of the Proposed Amendments (Transitional Measures Regarding Article 15-2) will be added; Article 15-2 (Disclosure of Reference Documents for the General Shareholders’ Meeting and Other Information via the Internet and Deemed Provision) of the current Articles of Incorporation will be deleted effective as of the enforcement date on September 1, 2022 (the enforcement date of revised provisions stipulated in the proviso of Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019)); and “Added Provisions” in Article 50, paragraph (1) of the Proposed Amendments will be added as Article 15-2 (Measures, etc., for Providing Information in Electronic Format).

The provisions of Article 15-2 of the current Articles of Incorporation will remain effective and will apply to a General Shareholders’ Meeting held on a date within six months from the enforcement date.

Section 8 Supplementary Provisions and Article 50 will be deleted after six months from the enforcement date or after three months after a General Shareholders’ Meeting held on a date within six months from the enforcement date, whichever comes later.

2. Description of Amendments

A description of the amendments is provided below.

(Amended parts are underlined)

Current Articles of Incorporation	Proposed amendments
Articles 1 through 12 (Article text omitted)	Articles 1 through 12 (Same as current)
(Convocation) Article 13 An Ordinary General Shareholders’ Meeting of the Company shall be convened within three (3) months from the day following the final day of each fiscal year. Extraordinary shareholders’ meetings shall be convened when necessary. (Addition)	(Convocation) Article 13 (Same as current) 2 <u>The Company may hold General Shareholders’ Meeting without a designated location.</u>
Articles 14 and 15 (Article text omitted)	Articles 14 and 15 (Same as current)
(Disclosure of Reference Documents for the General	(Disclosure of Reference Documents for the General

Current Articles of Incorporation	Proposed amendments
<p>Shareholders' Meeting and Other Information via the Internet and Deemed Provision)</p> <p>Article 15-2 When convening a General Shareholders' Meeting, the Company, by using means employing the Internet as provided for by Ministry of Justice Order to disclose information related to matters to be written or displayed in General Shareholders' Meeting reference documents, business reports, financial statements, and consolidated financial statements, may deem that it has provided said information to shareholders.</p> <p>Articles 16 through 24 (Article text omitted)</p> <p>(Convener and Chair of Board of Directors)</p> <p>Article 25 Unless otherwise provided for by laws and regulations, Board of Directors <u>shall be convened and chaired by the President and CEO. In the event that President and CEO is unable to do so, one of the other Directors shall do so according to the order prescribed by the Board of Directors in advance.</u></p> <p style="text-align: right;">(Addition)</p> <p style="text-align: right;">(Addition)</p> <p>Articles 26 through 49 (Article text omitted)</p> <p style="text-align: right;">(Addition)</p> <p style="text-align: right;">(Addition)</p> <p style="text-align: right;">(Addition)</p>	<p>Shareholders' Meeting and Other Information via the Internet and Deemed Provision)</p> <p>Article 15-2 (Same as current)</p> <p>* As stated in Article 50 of the proposed amendments, the Company shall delete this provision and newly establish it as (Measures, etc., for Providing Information in Electronic Format) effective as of the enforcement date on September 1, 2022 of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019).</p> <p>Articles 16 through 24 (Same as current)</p> <p>(Convener and Chair of Board of Directors)</p> <p>Article 25 Unless otherwise provided for by laws and regulations, Board of Directors <u>shall be convened by the President.</u></p> <p>2 <u>The Chair of the Board of Directors shall be elected by the Board of Directors. The person elected as Chair shall serve as the Chair at all Board of Directors until the conclusion of the first Ordinary General Shareholders' Meeting held following said election, unless otherwise provided for by laws and regulations or unless another person is elected by the Board of Directors as the Chair of Board of Directors.</u></p> <p>3 <u>In the event that the convener or Chair of Board of Directors is unable to do so, one of the other Directors shall do so according to the order prescribed by the Board of Directors in advance.</u></p> <p>Articles 26 through 49 (Same as current)</p> <p style="text-align: center;"><u>Section 8 Supplementary Provisions</u></p> <p><u>(Transitional Measures Regarding Article 15-2)</u></p> <p><u>Article 50 The provisions of Article 15-2 (Disclosure of Reference Documents for the General Shareholders' Meeting and Other Information via the Internet and Deemed Provision) shall be deleted effective as of the enforcement date on September 1, 2022 of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter the "Date of Enforcement"), and the new provisions described below shall be added effective the same date as Article 15-2 (Measures, etc., for Providing Information in Electronic Format).</u></p> <p><u>(Added Provisions)</u></p> <p><u>(Measures, etc., for Providing Information in Electronic Format)</u></p> <p><u>Article 15-2</u></p>

Current Articles of Incorporation	Proposed amendments
(Addition)	<p><u>1</u> When convening a General Shareholders' Meeting, the Company shall use means of electronic provision of information containing the content of shareholders' meeting reference documents, etc.</p>
(Addition)	<p><u>2</u> Among items for which measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</p>
(Addition)	<p><u>2</u> The provisions of the previous paragraph notwithstanding, the provisions of Article 15-2 (Disclosure of Reference Documents for the General Shareholders' Meeting and Other Information via the Internet and Deemed Provision) of the current Articles of Incorporation shall remain effective and shall apply to General Shareholders' Meeting held on a date within six (6) months from the Date of Enforcement.</p> <p><u>3</u> Section 8 Supplementary Provisions and this Article shall be deleted after six (6) months from the Date of Enforcement or after three (3) months from the date of a General Shareholders' Meeting provided for in the preceding paragraph, whichever comes later.</p>

Proposal 3: Election of Nine Board Directors

The terms of all eight Board Directors will expire at the close of this Ordinary General Shareholders' Meeting. Accordingly, to strengthen our management structure in line with the expansion of our medical and pharmaceutical business, the Company proposes to increase the number of Board Directors by one and to appoint nine Board Directors, including four Outside Board Directors. Each of the candidates for Board Director has agreed to their appointment.

The candidates for Board Directors are as follows:

No.	Name	Current positions and responsibilities
1	Eiji Sato	President, Chief Executive Officer Group Chief Executive Officer Officer (Risk Management) CEO (Medical & Pharmaceutical Company) Reappointment
2	Hitoshi Saito	Board Director and Senior Executive Officer CEO (Electronics Company) Reappointment
3	Eiji Takehara	Board Director and Senior Executive Officer Compliance Officer Officer in charge of R&D Reappointment
4	Masao Arima	Managing Director Chief Business Development Officer (Medical & Pharmaceutical Company) New
5	Tomoyuki Tanaka	New
6	Masayuki Hizume	Outside Board Director Reappointment Independent
7	Keiko Tsuchiya	Outside Board Director Reappointment Independent
8	Asako Aoyama	Outside Board Director Reappointment Independent
9	Yumiko Kamada	Outside Board Director Reappointment Independent

No.	Name (Date of birth)	Brief resume of positions, responsibilities, and important concurrent positions held	Number of the Company's shares owned
1	<p style="text-align: center;">Reappointment</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 Executive 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. (Present post)</p> <p>Dec. 2012 Director of ONSTATIC TECHNOLOGY CO., LTD. (Present post)</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 In charge of risk management of the Company</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. (Present post)</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, Chief Executive Officer, Group Chief Executive Officer, Officer (Risk Management), CEO (Medical & Pharmaceutical Company) of the Company (Present post)</p>	<p style="text-align: center;">Common shares 388,824 shares</p>
<p>[Reason for nomination as a candidate for Board Director] Since his appointment as Board Director in 2008, Eiji Sato has served as Executive Vice President and Representative Director of the Company, was appointed President, Chief Executive Officer in 2011, and has overseen the management of the Company's Group, including decision-making and supervision of business execution. He was selected as a candidate for Board Director as the Company expects that he will continue to play an important role in the Group's decision-making and supervision of business execution.</p>			

No.	Name (Date of birth)	Brief resume of positions, responsibilities, and important concurrent positions held	Number of the Company's shares owned
2	<p data-bbox="371 1104 525 1133"><u>Reappointment</u></p> <p data-bbox="371 1167 528 1218">Hitoshi Saito (April 21, 1965)</p>	<p data-bbox="592 309 1209 360">Nov. 1995 Marketing Manager of Win System Inc. (Win System Europe)</p> <p data-bbox="592 371 962 400">Sep. 1996 Joined the Company</p> <p data-bbox="592 412 1219 463">June 2001 Managing Director of TAIYO INK INTERNATIONAL (SINGAPORE) PTE LTD</p> <p data-bbox="592 474 1177 526">July 2001 General Manager/Director of TAIYO INK (THAILAND) CO., LTD.</p> <p data-bbox="592 537 1214 589">July 2010 Director of International Business Department of the Company</p> <p data-bbox="592 600 1174 651">June 2012 Director of TAIYO INK MFG. CO., LTD. (Present post)</p> <p data-bbox="592 663 1106 714">Apr. 2015 President and CEO of TAIYO INK PRODUCTS CO., LTD.</p> <p data-bbox="592 725 1222 777">May 2016 President and CEO of TAIYO INK MFG. CO., (KOREA) LTD.</p> <p data-bbox="592 788 1070 817">June 2016 Board Director of the Company</p> <p data-bbox="592 828 1225 880">July 2016 Board Director and Senior Executive Officer of the Company</p> <p data-bbox="592 891 1214 943">Apr. 2019 Director of TAIYO AMERICA, INC. (Present post)</p> <p data-bbox="592 954 1203 1005">Oct. 2019 Director of TAIYO INK INTERNATIONAL (SINGAPORE) PTE LTD (Present post)</p> <p data-bbox="592 1016 1214 1068">Feb. 2020 Director of TAIYO TRADING (THAILAND) CO., LTD. (Present post)</p> <p data-bbox="592 1079 1225 1131">Apr. 2020 Chairman and CEO of TAIYO INK MFG. CO., (KOREA) LTD.</p> <p data-bbox="592 1142 1110 1193">Apr. 2020 Chairman and CEO of TAIYO INK PRODUCTS CO., LTD.</p> <p data-bbox="592 1205 1198 1256">May 2020 Chairman of the Board of TAIWAN TAIYO INK CO., LTD. (Present post)</p> <p data-bbox="592 1267 1233 1319">May 2020 Director of ONSTATIC New Material (JiangXi) Co., Ltd. (Present post)</p> <p data-bbox="592 1330 1193 1382">June 2020 Director of ONSTATIC INK (SHENZHEN) CO., LTD.</p> <p data-bbox="592 1393 1230 1444">June 2020 Director of TAIYO CIRCUIT AUTOMATION, INC.</p> <p data-bbox="592 1456 1185 1507">June 2020 Chairman of TAIYO INK VIETNAM CO., LTD (Present post)</p> <p data-bbox="592 1518 1177 1570">Oct. 2021 Chairman of the Board of ONSTATIC TECHNOLOGY CO., LTD. (Present post)</p> <p data-bbox="592 1581 1142 1632">Dec. 2021 Chairman of the Board of TAIYO INK (SUZHOU) CO., LTD. (Present post)</p> <p data-bbox="592 1644 1185 1695">Dec. 2021 Chairman of the Board of ONSTATIC INK (SHENZHEN) CO., LTD. (Present post)</p> <p data-bbox="592 1706 1203 1758">Jan. 2022 Director of Taiyang Feng Semiconductor Materials (SHENZHEN) CO., LTD. (Present post)</p> <p data-bbox="592 1769 1222 1821">Jan. 2022 Chairman of the Board of TAIYO INK TRADING (SHENZHEN) CO., LTD. (Present post)</p> <p data-bbox="592 1832 1222 1883">Jan. 2022 Director of TAIYO INK MFG. CO., (KOREA) LTD. (Present post)</p> <p data-bbox="592 1895 1185 1946">Jan. 2022 Director of TAIYO INK PRODUCTS CO., LTD. (Present post)</p>	Common shares 60,718 shares

No.	Name (Date of birth)	Brief resume of positions, responsibilities, and important concurrent positions held	Number of the Company's shares owned
		May 2022 Board Director and Senior Executive Officer, CEO (Electronics Company) of the Company (Present post)	
[Reason for nomination as a candidate for Board Director] 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 as the Company expects that he will continue to use his experience and expertise in the Company's decision-making.			
3	<u>Reappointment</u> Eiji Takehara (September 7, 1963)	<p>Apr. 1986 Joined the Company</p> <p>May 1999 Director of TAIYO INK MFG. CO., (KOREA) LTD.</p> <p>Nov. 2001 General Manager of Development Department I of the Company</p> <p>Oct. 2010 Director of TAIYO INK MFG. CO., LTD.</p> <p>June 2012 Executive Vice President and Representative Director of TAIYO INK MFG. CO., LTD.</p> <p>Apr. 2013 Managing Director of the Company</p> <p>June 2014 Board Director and Senior Executive Officer, Compliance Officer of the Company</p> <p>May 2016 Director of ONSTATIC TECHNOLOGY CO., LTD.</p> <p>June 2016 Director of TAIYO INK MFG. CO., LTD.</p> <p>June 2016 Chairman of the Board of TAIWAN TAIYO INK CO., LTD.</p> <p>June 2016 President and Representative Director of TAIYO GREEN ENERGY CO., LTD.</p> <p>Apr. 2017 Director of TAIYO GREEN ENERGY CO., LTD. (Present post)</p> <p>May 2017 Director of ONSTATIC INK (SHENZHEN) CO., LTD.</p> <p>Apr. 2018 Chairman of the Board and General Manager of TAIWAN TAIYO INK CO., LTD.</p> <p>June 2018 In charge of TAIYO GREEN ENERGY CO., LTD.</p> <p>Jul. 2018 Chairman of the Board of TAIWAN TAIYO INK CO., LTD.</p> <p>Apr. 2019 Board Director and Senior Executive Officer, Compliance Officer, Officer in charge of R&D of the Company (Present post)</p>	Common shares 81,218 shares
[Reason chosen as a candidate for Board Director] Eiji Takehara has worked on the expansion and reinforcement of the Company's electronic materials business in Japan. He was selected as a candidate for Board Director as the Company expects that he will continue to use his experience and wide-ranging expertise in the Company's decision-making.			

No.	Name (Date of birth)	Brief resume of positions, responsibilities, and important concurrent positions held	Number of the Company's shares owned
4	<div style="text-align: center;"> New Masao Arima (January 24, 1969) </div>	<p>Apr. 1993 Joined the Company</p> <p>Apr. 2010 General Manager of Technology Headquarters Development Department II, Japan Taiyo Company</p> <p>Apr. 2012 Executive General Manager of Technology Development Department, TAIYO INK MFG. CO., LTD.</p> <p>Apr. 2014 Executive General Manager of Sales Department, TAIYO INK MFG. CO., LTD.</p> <p>Apr. 2015 Senior Director of Research Division of the Company</p> <p>Apr. 2015 Director of Chugai Kasei Co., Ltd. (Currently Taiyo Fine Chemicals Co., Ltd.) (Present post)</p> <p>Apr. 2017 Head of New Business Office of the Company</p> <p>Aug. 2017 President and Representative Director of TAIYO PHARMA CO., LTD. (Present post)</p> <p>Jan. 2018 Managing Director of the Company</p> <p>June 2021 Member of the Board of TAIYO PHARMA TECH CO., LTD. (Present post)</p> <p>May 2022 Managing Director, Chief Business Development Officer (Medical & Pharmaceutical Company) of the Company (Present post)</p>	<p style="text-align: center;">Common shares 22,653 shares</p>
<p>[Reason chosen as a candidate for Board Director] Masao Arima possesses over 20 years of extensive experience and knowledge in technological development and research and development work in the Group, and has been involved in the launch of new medical and pharmaceutical businesses. Since 2017, he has led the medical and pharmaceutical business, which will continue to grow as the second growth pillar, as the Representative Director of TAIYO PHARMA CO., LTD. He was selected as a new candidate for Board Director as the Company expects that his experience and expertise will contribute to the enhancement of the corporate value of the Group.</p>			

No.	Name (Date of birth)	Brief resume of positions, responsibilities, and important concurrent positions held		Number of the Company's shares owned
5	<div style="text-align: center;"> <div style="border: 1px solid black; display: inline-block; padding: 2px;">New</div> Tomoyuki Tanaka (November 25, 1964) </div>	Apr. 1988	Joined Dainippon Ink and Chemicals, Incorporated (Currently DIC Corporation)	Common shares - shares
		Apr. 2012	General Manager of Functional Pigment Sales Department, DIC Corporation	
Jan. 2016	General Manager of Pigment 2nd Sales Department, DIC Corporation			
Jan. 2019	General Manager of Color & Display Business Planning Department, DIC Corporation			
Jan. 2021	General Manager of Executive Officer Management Planning Department, DIC Corporation (Present post)			
[Reason chosen as a candidate for Board Director] Tomoyuki Tanaka has many years of extensive experience and knowledge in technology, research and development, and sales, as well as a track record of involvement in M&A. He was selected as a new candidate for Board Director as the Company expects that his experience and expertise will contribute to the enhancement of the corporate value of the Group.				
6	<div style="text-align: center;"> <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> Masayuki Hizume (March 2, 1963) </div>	Oct. 1988	Joined Tohmatsu Awoki & Sanwa (Currently Deloitte Touche Tohmatsu LLC)	Common shares 1,400 shares
		Jan. 1994	Joined Hizume Certified Public Accounting Office	
June 1994	Outside Audit & Supervisory Board Member of the Company			
Jan. 2001	The Head of Masayuki Hizume Certified Public Accounting Office (Present post)			
June 2012	Outside Director of the Company (Present post)			
July 2012	Director of TAIYO INK MFG. CO., (KOREA) LTD.			
Apr. 2020	Representative Partner of Hizume Tax Accounting Office (Present post)			
[Reason chosen as a candidate for Outside Board Director and overview of expected roles] Masayuki Hizume possesses specialized knowledge as well as a wealth of experience and expertise as a certified public accountant. He was selected as a candidate for Outside Board Director as the Company expects that, through effective use of them, he will offer advice and findings beneficial to the management of the Group and will perform a management and supervisory role from a fair standpoint.				

No.	Name (Date of birth)	Brief resume of positions, responsibilities, and important concurrent positions held	Number of the Company's shares owned
7	<div style="text-align: center;"> Reappointment Outside 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 Aug. 2015 CHRO of Adecco Ltd., Japan Jan. 2016 General Manager of People Value of Adecco Ltd., Japan (Present post) June 2017 Outside Board Director of the Company (Present post) June 2019 Director of Teachers Initiative (Present post) June 2021 Outside Director of Nippon Light Metal Holdings Company, Ltd. (Present post)	Common shares 500 shares
<p>[Reason chosen as a candidate for Outside Board Director and overview of expected roles] Keiko Tsuchiya possesses a wealth of experience and expertise in the field of human resources, including recent 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 as the Company expects that, thorough effective use of them, she will offer advice and findings beneficial to the management of the Group, including in personnel divisions and in the strengthening of human resources, and will perform a management and supervisory role from a fair standpoint.</p>			

No.	Name (Date of birth)	Brief resume of positions, responsibilities, and important concurrent positions held	Number of the Company's shares owned
8	<p style="text-align: center;"> Reappointment Outside Independent </p> <p style="text-align: center;">Asako Aoyama (March 14, 1972)</p>	<p>Apr. 1994 Joined Tohmatsu & Co. (Currently Deloitte Touche Tohmatsu LLC)</p> <p>Sep. 2001 Joined Merrill Lynch Japan Securities Co., Ltd.</p> <p>Oct. 2004 Joined Coca-Cola (Japan) Company, Limited</p> <p>Aug. 2008 General Manager of Business Strategy Promotion of Coca-Cola (Japan) Company, Limited</p> <p>Oct. 2010 Manager of Commercial Finance CCL & Franchise Finance, Finance Headquarters of, Coca-Cola (Japan) Company, Limited</p> <p>Mar. 2011 Director and CFO of Tokyo Coca-Cola Bottling Co., Ltd.</p> <p>Reappointment July 2013 Executive Officer, Finance and Accounting General Manager of Coca-Cola East Japan Co., Ltd.</p> <p>Jan. 2016 Executive Officer, Commercial Finance General Manager of Coca-Cola East Japan Co., Ltd.</p> <p>May 2017 Executive Officer, Transformation Project Leader of Coca-Cola Bottlers Japan Inc.</p> <p>June 2018 Outside Audit & Supervisory Board Member of the Company</p> <p>Feb. 2019 Executive Officer, Head of Business Development of Coca-Cola Bottlers Japan Holdings Inc.</p> <p>Jan. 2020 General Manager, Global Finance Division of NEC Corporation</p> <p>June 2020 Outside Board Director of the Company (Present post)</p> <p>Feb. 2021 Provisional Member of Business Accounting Council (Present post)</p> <p>Apr. 2022 Executive Officer of NEC Corporation (Present post)</p>	Common shares 100 shares
<p>[Reason chosen as a candidate for Outside Board Director and overview of expected roles] Asako Aoyama has a wealth of experience and expertise in finance, accounting, and M&A through serving as a certified public accountant and through corporate management and business execution. She was selected as a candidate for Outside Board Director as the Company expects that, thorough effective use of them, she will offer advice and findings beneficial to the management of the Group and will perform a management and supervisory role from a fair standpoint.</p>			

No.	Name (Date of birth)	Brief resume of positions, responsibilities, and important concurrent positions held	Number of the Company's shares owned
9	<p style="text-align: center;">Reappointment</p> <p style="text-align: center;">Outside</p> <p style="text-align: center;">Independent</p> <p>Yumiko Kamada (February 23, 1966)</p>	<p>Apr. 1989 Joined East Japan Railway Company</p> <p>June 2005 President and Representative Director of JR East Station Retailing Co., Ltd.</p> <p>Nov. 2008 General Manager, Life-style Business Development Headquarters of East Japan Railway Company</p> <p>May 2013 Deputy Director, Frontier Service Research Laboratory, Research & Development Center of East Japan Railway Company</p> <p>Feb. 2015 Senior Executive Officer of Calbee, Inc.</p> <p>Feb. 2015 Part-time Director of LUMINE CO., LTD. (Present post)</p> <p>March 2015 Outside Director of POLA ORBIS HOLDINGS INC.</p> <p>June 2015 Outside Director of The Michinoku Bank, Ltd. (Present post)</p> <p>Dec. 2018 Representative Director of ONE GLOCAL (Present post)</p> <p>June 2020 Outside Board Director of the Company (Present post)</p> <p>June 2021 Outside Director of Private Finance Initiative Promotion Corporation of Japan (Present post)</p>	Common shares 100 shares
<p>[Reason chosen as a candidate for Outside Board Director and overview of expected roles] Yumiko Kamada has a wealth of experience and expertise in corporate management and business execution gained in the fields of new business development and customer service at companies in other industries. She was selected as a candidate for Outside Board Director as the Company expects that, through effective use of them, she will offer advice and findings beneficial to the management of the Group and will perform a management and supervisory role from a fair standpoint.</p>			

Notes:

1. Masayuki Hizume, Keiko Tsuchiya, Asako Aoyama, and Yumiko Kamada are candidates for Outside Board Directors.
2. Designation as Independent Officer
The Company has designated the four individuals Masayuki Hizume, Keiko Tsuchiya, Asako Aoyama, and Yumiko Kamada as Independent Officers as provided for by the Tokyo Stock Exchange, Inc. If these four individuals are appointed, the Company plans to continue designating them as independent officers.
3. Terms of candidates for Outside Board Director
 - Masayuki Hizume currently serves as Outside Board Director of the Company. His term as Outside Board Director will be ten years as of the close of this Ordinary General Shareholders' Meeting. In the past, he has served as Audit & Supervisory Board Member of the Company as well as Director of TAIYO INK MFG. CO., (KOREA) LTD., a consolidated subsidiary of the Company.
 - Keiko Tsuchiya currently serves as Outside Board Director of the Company. Her term as Outside Board Director will be five years as of the close of this Ordinary General Shareholders' Meeting.
 - Asako Aoyama currently serves as Outside Board Director of the Company. Her term as Outside Board Director will be two years as of the close of this Ordinary General Shareholders' Meeting. She has also served as an Outside Audit & Supervisory Board Member of the Company in the past.
 - Yumiko Kamada currently serves as Outside Board Director of the Company. Her term as Outside Board Director will be two years as of the close of this Ordinary General Shareholders' Meeting.
4. The Company plans to appoint Tomoyuki Tanaka as a non-executive Director.
5. There is no special interest between the Company and the candidates or the Company and the companies below which the candidates concurrently represent.
 - Masayuki Hizume concurrently serves as the Head of Masayuki Hizume Certified Public Accounting Office and Representative Partner of Hizume Tax Accounting Office.
 - Yumiko Kamada concurrently serves as the Representative Director of ONE GLOCAL.
6. At present, the Company has concluded agreements 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, with each of the four individuals Masayuki Hizume, Keiko Tsuchiya, Asako Aoyama, and Yumiko Kamada. If the four individuals are appointed, the Company intends to continue the respective agreements with each. If Tomoyuki Tanaka is appointed, the Company intends to conclude an agreement with him that will limit 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 agreements is as follows:
 - In the event that a director is liable for damages to the Company due to the neglect of duties, the 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 director to whom the liability is attributable has executed duties in good faith and without gross negligence.
7. 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, 2022) Note 8. Summary, etc., of Details of Board Directors and Officers Liability Insurance Policy” on p. 44 of the Business Report of the Japanese original.
 8. There is no plan to conclude an indemnity agreement between individual candidates and the Company regarding the expenses stipulated in Article 430-2 (1), paragraph (1), item (i) of the Companies Act and the loss stipulated in item (ii) of the same paragraph.
 9. The “Number of the Company’s shares owned” by the candidates for Board Directors includes equity in the stock ownership association.

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	Executive Vice President	✓	✓	✓	✓			
Eiji Takehara	Chair of Board of Directors			✓	✓	✓		✓
Masao Arima	Board Director	New	✓	✓	✓	✓		
Tomoyuki Tanaka	Board Director	New	✓	✓			✓	
Masayuki Hizume	Outside Board Director	Independent	✓				✓	✓
Keiko Tsuchiya	Outside Board Director	Independent		✓		✓	✓	
Asako Aoyama	Outside Board Director	Independent		✓		✓	✓	
Yumiko Kamada	Outside Board Director	Independent	✓			✓	✓	

Proposal 4: Election of Three Audit & Supervisory Board Members

As the terms of Audit & Supervisory Board Members Hidenori Sugiura and Masaru Oki will expire at the close of this Ordinary General Shareholders' Meeting, the Company proposes to appoint three Audit & Supervisory Board Members. Each of the three candidates for Audit & Supervisory Board Member has given consent to their appointment, and the Company has received the consent of the Board of Audit & Supervisory Board Members for the proposal.

The candidates for Audit & Supervisory Board Members are as follows:

No.	Name	Current positions and concurrent positions held
1	Hidenori Sugiura	Outside Audit & Supervisory Board Member of the Company Reappointment Independent
2	Kaori Terunuma	Director of the Accounting Department of the Company New
3	Ikumi Sato	Attorney Partner, Nozomi Sogo Attorneys at Law Executive Governor, Japan Attorneys National Pension Fund Outside Director, DAI-DAN CO., LTD. New Independent

No.	Name (Date of birth)	Brief resume of positions and important concurrent positions held	Number of the Company's shares owned
1	<div style="text-align: center;"> Reappointment Outside Independent </div> <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>Common shares - shares</p>
<p>[Reason chosen as a candidate for Outside Audit & Supervisory Board Member] Hidenori Sugiura 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 Audit & Supervisory Board Member as the Company expects that he will be able to properly execute the duties thereof.</p>			

No.	Name (Date of birth)	Brief resume of positions and important concurrent positions held	Number of the Company's shares owned
2	<div style="text-align: center;"> New Kaori Terunuma (December 29, 1982) </div>	Apr. 2005 Joined Mitsui & Co., Ltd. Aug. 2013 Joined CROSS FIELDS Mar. 2016 Joined coconala Inc. June 2019 Joined the Company Jan. 2020 Director of the Accounting Department of the Company (Present post) July 2020 Auditor of TAIYO INK (SUZHOU) CO., LTD. (Present post) Oct. 2020 Auditor of TAIYO INK PRODUCTS CO., LTD. (Present post) June 2022 Audit & Supervisory Board Member of TAIYO INK MFG. CO., LTD. (to be appointed in June 2022)	Common shares 752 shares
<p>[Reason chosen as a candidate for Audit & Supervisory Board Member] Kaori Terunuma possesses extensive expertise and work experience concerning finance and accounting, and possesses experience from 2020 as an auditor at an overseas subsidiary of the Company. She was selected as a candidate for Audit & Supervisory Board Member as the Company expects that she will be able to properly execute the duties thereof.</p>			

No.	Name (Date of birth)	Brief resume of positions and important concurrent positions held	Number of the Company's shares owned	
3	<div style="text-align: center;"> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">New</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Outside</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Independent</div> <p>Ikumi Sato (December 25, 1963)</p> </div>	Apr. 1990	Registered as an attorney at law (Tokyo Bar Association)	Common shares - shares
		Mar. 1992	Cancellation of registration in Tokyo Bar Association for travel to the United States	
		Sep. 1995	Registered as an attorney, State of New York, USA	
		Sep. 1995	Re-registered as an attorney at law (Daini Tokyo Bar Association)	
		Mar. 2013	Joined Yabuki Law Offices	
		Apr. 2017	Deputy Chair, Daini Tokyo Bar Association	
		Apr. 2018	Executive Governor, Japan Federation of Bar Associations	
		Apr. 2019	Information Disclosure and Personal Information Protection Commission Member, Ministry of Internal Affairs and Communications	
		June 2019	Audit & Supervisory Board Member, DAI-DAN CO., LTD.	
		Jan. 2021	Partner and Attorney, Nozomi Sogo Attorneys at Law (Present post)	
Apr. 2021	Executive Governor, Japan Attorneys National Pension Fund (Present post)			
June 2021	Outside Director, DAI-DAN CO., LTD. (Present post)			
<p>[Reason chosen as a candidate for Outside Audit & Supervisory Board Member] As an attorney, Ikumi Sato 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 Audit & Supervisory Board Member as the Company expects that she will be able to properly execute the duties thereof.</p>				

Notes:

1. Hidenori Sugiura and Ikumi Sato are candidates for Outside Audit & Supervisory Board Members.
2. Designation of Independent Officers
At present, the Company has designated Hidenori Sugiura as an Independent Officer 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.
3. Hidenori Sugiura currently serves as Outside Audit & Supervisory Board Member of the Company. His term will be four years as of the close of this Ordinary General Shareholders' Meeting.
4. There is no special interest between the Company and the candidates.
5. At present, the Company has concluded an agreement with Hidenori Sugiura 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 he is appointed, the Company intends to continue the agreement. If Ikumi Sato is appointed, the Company intends to conclude an agreement with her that will limit 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 agreement provisions is as follows:
 - In the event that an Audit & Supervisory Board Member is liable for damages to the Company due to the neglect of duties, the Audit & Supervisory Board 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 limited to instances in which the Audit & Supervisory Board Member 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 an Audit & Supervisory Board 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, 2022) Note 8. Summary, etc. of Details of Board Directors and Officers Liability Insurance Policy" on p. 44 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 the expenses stipulated in Article 430-2 (1), paragraph (1), Item 1 of the Companies Act and the loss stipulated in Item 2 of the same paragraph.

8. Kaori Terunuma is entered into Japan's family register as Kaori Sasaki.
9. The "Number of the Company's shares owned" by the candidates for Audit & Supervisory Board Member includes equity in the stock ownership association.

Reference: Expertise and experience of Audit & Supervisory Board Members 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
Akihito Sakai	Outside Audit & Supervisory Board Member	Independent				✓		✓	✓
Hidenori Sugiura	Outside Audit & Supervisory Board Member	Independent				✓		✓	✓
Kaori Terunuma	Audit & Supervisory Board Member	New					✓	✓	✓
Ikumi Sato	Outside Audit & Supervisory Board Member	New Independent				✓	✓		✓

Proposal 5: Revision of the Compensation System for Board Directors

As a performance-based compensation system aiming at providing motivation for enhancement of the Group’s corporate value over the medium to long term, the Company has introduced performance cash bonus and performance cash bonus deferral in restricted stock (hereinafter collectively referred to as “performance-based compensation”), and has paid performance-based compensation to Executive Board Directors (those Board Directors specified in the provisions of Article 363, paragraph (1) of the Companies Act; the same applies hereinafter).

This proposal requests shareholders’ approval for a partial change to the content of the performance-based compensation system, for the purpose of reducing the workload for calculating performance-based compensation and enabling earlier settlement of accounts, in line with the growth of the scale of the Group, the introduction of a consolidated tax payment system, etc.

If Proposal 3 “Election of Nine Directors” is approved and passed as originally proposed, the number of Board Directors of the Company will be nine (including four Outside Board Directors), of which four will be Executive Board Directors.

1. Details of Changes to the Performance-Based Compensation System for Board Directors

Compensation for Board Directors of the Company has in the past been approved by shareholders, and currently exists, as follows:

Date of resolution	Type of compensation	Content of resolution
June 29, 2010 64th Ordinary General Shareholders’ Meeting	Aggregate base salary	Aggregate base salary for Board Directors of not more than 300 million yen
June 20, 2014 68th Ordinary General Shareholders’ Meeting	Performance cash bonus	Performance cash bonus for Executive Board Directors shall be a cash payment of not more than 1.6% of consolidated net income*1 in each fiscal year
June 19, 2021 75th Ordinary General Shareholders’ Meeting	Performance cash bonus deferral in restricted stock	Performance cash bonus deferral in restricted stock for Executive Board Directors shall be cash payment of not more than 3.4% of profit attributable to owners of parent in each fiscal year (with payment of said cash premised on its use as funds to acquire new common shares issued or disposed of by the Company), and not more than 200,000 shares of common stock*2 per fiscal year (hereinafter “maximum issued number of performance-based shares”) issued or disposed of by the Company as a performance-based stock compensation.
Same as above	Restricted stock compensation	Restricted stock compensation (monetary claims for allotment of restricted stock) of not more than 300 million yen per year, and not more than 80,000 shares of common stock*2 per fiscal year (hereinafter “maximum issued number of restricted shares”) issued or disposed of by the Company as a restricted stock compensation system

Notes:

- Due to the revision of accounting standards in September 2013, the amount which had heretofore been stated as “net income” on the Consolidated Statement of Income has been changed to “profit attributable to owners of parent” from the 70th fiscal year. Performance cash bonus is therefore paid based on the metric “profit attributable to owners of parent”; however, this represents no change from the prior metric.
- At the 75th Ordinary General Shareholders’ Meeting held on June 19, 2021, a resolution was passed to set the maximum issued number of performance-based shares at 100,000 shares and the maximum issued number of restricted shares at 40,000 shares. Subsequently, however, these maximums have been amended to 200,000 and 80,000 shares, respectively, due to the 2-for-1 split of common stock of the Company performed on October 1, 2021.

With regard to the method of calculating the performance-based compensation amount of the above compensation for Board Directors, while maintaining a policy of calculation by the method of multiplication by a prescribed payment rate with “profit attributable to owners of parent” as a metric, this proposal seeks shareholders’ approval for a change to the method of calculating the amount substantially equivalent to “profit attributable to owners of parent” and, using said amount as a metric, multiplying by the prescribed payment rate, considering the most recent three fiscal years’ averages for the effective tax rate and for profit margin attributable to non-controlling shareholders on profit before income taxes.

The purpose of the change is to reduce the workload for calculating performance-based compensation and enable earlier settlement of accounts in line with the growth of the scale of the Group, the introduction of a consolidated tax payment system, etc. Its purpose is not a substantial revision of the content of the compensation system for Board Directors, policy for its determination, or the compensation structure, nor is it an increase in the maximum amount of performance-based compensation or in the number of allotted shares.

Details of the change are as follows:

(1) Performance Cash Bonus

The Company may pay Executive Board Directors money not more than the amount (maximum amount) calculated by the following method as performance cash bonus.

$$\begin{aligned} \text{Performance cash bonus (maximum amount)} &= \text{Profit before income taxes} \\ &\times (1 - \text{most recent three fiscal years}^{\ast 1} \text{ average effective tax rate}^{\ast 2} \\ &\quad - \text{most recent three fiscal years}^{\ast 1} \text{ average profit margin attributable to non-controlling} \\ &\quad \text{shareholders}^{\ast 3})^{\ast 4} \\ &\times 1.6\% \end{aligned}$$

*1 Most recent three fiscal years: The three fiscal years prior to becoming eligible for payment of the performance cash bonus

*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

(2) Performance Cash Bonus Deferral in Restricted Stock

The Company may pay Executive Board Directors money not more than the amount (maximum amount) calculated by the following method as performance cash bonus deferral in restricted stock, to be used as funds for acquisition of common stock newly issued or disposed of by the Company.

$$\begin{aligned} \text{Performance cash bonus deferral in restricted stock (maximum amount)} &= \text{Profit before income taxes} \\ &\times (1 - \text{most recent three fiscal years}^{\ast 1} \text{ average effective tax rate}^{\ast 2}) \\ &\quad - \text{most recent three fiscal years}^{\ast 1} \text{ average profit margin attributable to non-controlling} \\ &\quad \text{shareholders}^{\ast 3})^{\ast 4} \\ &\times 3.4\% \end{aligned}$$

*1 The three fiscal years prior to becoming eligible for payment of the performance cash bonus deferral in restricted stock

*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

The specific payment period and allocation, etc., will be left to the Board of Directors.

2. Reasons for Appropriateness of Changes to the Performance-Based Compensation System for Board Directors

As noted in “1. Details of Changes to the Performance-Based Compensation System for Board Directors” above, the performance-based compensation system according to this proposal does not effectively change the existing performance-based compensation system.

The performance-based compensation system to be changed under this proposal was decided with consideration of the business conditions of the Company, payment policy under the compensation system for Board Directors (refer to “2. Current Status of the Company (3) Status of Corporate Officers 3) Compensation, etc., of Board Directors and Audit and Supervisory Board Members for the Current Fiscal Year (b) Matters Concerning the Policy for Determining the Details of Individual Board Directors’ Compensation, etc.” on p. 44 of the Business Report of the Japanese original), and other circumstances, and the Company has deemed the change to be appropriate.

Reference:

1. About the Performance-Based Compensation System for the Fiscal Year Ending March 2023

In the performance-based compensation system for the fiscal year ending March 2023 and later, in addition to the changes under this proposal, the Company plans to change the payment rate in the formula for the total performance cash bonus (total amount paid) from 1.6% to 0.8%.

Performance cash bonus

Item	Through the fiscal year ended March 2022	From the fiscal year ending March 2023
Formula for maximum amount	Profit attributable to owners of parent × 1.6%	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) ×1.6%
Formula for total compensation (total amount paid)	Profit attributable to owners of parent × 1.6%	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) ×0.8%

Performance cash bonus deferral in restricted stock

Item	Through the fiscal year ended March 2022	From the fiscal year ending March 2023
Formula for maximum amount	Profit attributable to owners of parent × 3.4%	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) ×3.4%
Formula for total compensation (total amount paid)	Profit attributable to owners of parent × 3.4%	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) ×3.4%

2. Planned Amount of Performance-Based Compensation in the Fiscal Year Ending March 2023

In the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 <under Japanese GAAP>” released on April 28, 2022, the consolidated financial results forecast for profit attributable to owners of parent in the 77th period (the fiscal year ending March 2023) was announced as 12,800 million yen. Profit before income taxes in the consolidated financial results forecast is 18,400 million yen, with the planned amount of performance-based compensation in the 77th period as follows:

Planned Amount of Performance-Based Compensation

Item	Performance Cash Bonus (million yen)	Performance Cash Bonus Deferral in Restricted Stock (million yen)
Maximum amount	208 [204]	442 [435]
Total compensation (total amount paid)	104 [102]	442 [435]

Notes:

- The maximum amount and the total compensation (total amount paid) calculated from the formula used through the fiscal year ended March 2022 are represented in brackets (with 0.8% used as the payment rate for total performance cash bonus (total amount paid)).
- The provisional value for the most recent three fiscal years' average effective tax rate and the most recent three fiscal years' average profit margin attributable to non-controlling shareholders are as follows: The figures shown are rounded off to the third decimal place, but rounding is not performed during the calculation process.

Item	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022	Most recent three fiscal years' average
Effective tax rate	27.66%	28.24%	29.25%	28.38%
Profit margin attributable to non-controlling shareholders	1.06%	0.50%	1.14%	0.90%

* As the effective tax rate for the fiscal year ended March 2022 has not been finalized as of this writing, it is a provisional value calculated from profit before income taxes, total corporate taxes, etc., disclosed in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 <under Japanese GAAP>” released on April 28, 2022. Final values for the fiscal year ended March 2022 are scheduled for disclosure in the Annual Securities Report for the fiscal year ended March 2022 (76th period).

Proposal 6: Revision of the Compensation Amount for Audit & Supervisory Board Members

The amount of compensation for Audit & Supervisory Board Members of the Company was resolved at the 65th Ordinary General Shareholders' Meeting held in 2011 to be not more than 5 million yen per month, and has continued since as such. In consideration of subsequent changes in economic conditions and other circumstances, the Company proposes that the compensation amount be changed to not more than 7 million yen per month.

Of the current three Audit & Supervisory Board Members, two are Outside Audit & Supervisory Board Members. If Proposal 4 "Election of Three Audit & Supervisory Board Members" is approved and passed as originally proposed, the number of Audit & Supervisory Board Members will increase by one to four, of which three will be Outside Audit & Supervisory Board Members.