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(Securities code: 8158)
June 3, 2022

To Shareholders with Voting Rights:

Takahiko Nagasu
President
SODA NIKKA CO., LTD.
3-6-2, Nihonbashi, Chuo-ku,
Tokyo, Japan

Notice of the 75th Annual General Meeting of Shareholders

We are pleased to inform you that the 75th Annual General Meeting of Shareholders (the "Meeting") of SODA NIKKA CO., LTD. (the "Company," or collectively with its subsidiaries, the "Group") will be held for the purposes described below.

If you are not attending the Meeting, you can exercise your voting rights in writing or via the internet, so please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:20 p.m. Japan time on Tuesday, June 21, 2022 following the guidance below.

1. Date and time: Wednesday, June 22, 2022 at 10:00 a.m. Japan time

2. Venue: 5F, Conference Center, Bellesalle Tokyo Nihonbashi, Tokyo Nihonbashi Tower at 2-7-1, Nihonbashi, Chuo-ku, Tokyo, Japan

3. Purpose of the Meeting:

Matters to be reported:

1. Business report, consolidated financial statements for the 75th fiscal year (April 1, 2021 to March 31, 2022) and results of audits of the consolidated financial statements by the accounting auditor and the Audit and Supervisory Board
2. Non-consolidated financial statements for the 75th fiscal year (April 1, 2021 to March 31, 2022)

<Company proposals>

Matters to be resolved:

Proposal 1: Partial Amendments to the Articles of Incorporation

Proposal 2: Election of 6 Members of the Board

Proposal 3: Election of 1 Audit and Supervisory Board Member

<Shareholder proposals>

Proposal 4: Approval for the Amount of Remuneration related to the Transfer-restricted Share-based Remuneration Plan

Proposal 5: Acquisition of Own Shares

- Measures to prevent COVID-19 infection

  We are taking the following preventative measures against COVID-19 infections, placing the highest priority on the safety of our shareholders. We appreciate your understanding and cooperation.

  - **Shareholders are suggested to refrain from attending this Meeting from the perspective of preventing the spread of infections, and to exercise your voting rights in writing or via the internet in advance.**
  - **Please note that we will not be distributing souvenirs at the Meeting. In addition, in order to reduce the risk of infection, we plan to implement measures such as shortening the proceedings, increasing the space between seats, conducting body temperature tests, and**

requesting the wearing of masks and the use of alcohol-based sanitizers. We ask for your kind understanding.

- Shareholder proposals have been made at this General Meeting of Shareholders. Details of the proposals are described in the attached Reference Documents for the General Meeting of Shareholders. However, the Board of Directors opposes these proposals.
- If you are attending the Meeting in person, please hand in the enclosed Voting Rights Exercise Form at the reception desk.
  You can also exercise your voting rights for the General Meeting of Shareholders in writing or via the internet, etc. Please consider using these alternative methods.
  If you exercise your voting rights using both the Voting Rights Exercise Form and the internet, etc., the exercise of your voting rights via the internet, etc. shall prevail regardless of the arrival date of the Voting Rights Exercise Form.
  In addition, if you exercise your voting rights multiple times via the internet, etc., only the last voting right exercised shall be deemed as valid.

[Disclosure on the Company's website]

1. Of the documents to be provided with this Notice, the notes to the consolidated and non-consolidated financial statements are posted on the Company's website in accordance with laws, regulations and Article 17 of the Company's Articles of Incorporation. The said notes to the consolidated and non-consolidated financial statements are part of the consolidated and non-consolidated financial statements audited by Audit and Supervisory Board Members and the accounting auditor in preparing their respective audit reports.
2. Any revisions to the Reference Documents for the General Meeting of Shareholders, the business report, and the consolidated and non-consolidated financial statements will be posted on the Company's website.

The Company's website: https://www.sodanikka.co.jp

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposals 1 to 3 are proposals made by the Company.

Proposal 1: Partial Amendments to the Articles of Incorporation

1. Reason for amendment

The amended 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) will be enforced on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for general meetings of shareholders, the Articles of Incorporation of the Company shall be amended as follows.

(1) The proposed Article 17, Paragraph 1 stipulates that information contained in the reference documents for the general meeting of shareholders, etc. shall be provided electronically.
(2) The purpose of the proposed Article 17, Paragraph 2 is to establish a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
(3) The provisions related to the internet disclosure and deemed provision of the reference documents for the general meeting of shareholders, etc. (Article 17 of the current Articles of Incorporation) will become unnecessary and will therefore be deleted.
(4) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.

2. Details of amendment

Details of the amendment are as follows.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed amendment
(Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) Article 17 The Company may, when convening a general meeting of shareholders, deem that it has provided information to shareholders pertaining to matters to be described or indicated in the reference documents for the general meeting of shareholders, business report, non-consolidated financial statements, and consolidated financial statements, (including the accounting audit report or the audit report pertaining to the consolidated financial statements), by disclosing such information through the internet in accordance with the provisions provided in the Ordinance of the Ministry of Justice.	(Deleted)

Current Articles of Incorporation	Proposed amendment
(New)	(Measures for Electronic Provision, Etc.) Article 17 The Company shall, when convening a general meeting of shareholders, provide information contained in the reference documents for the general meeting of shareholders, etc. electronically. 2. Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.
(New)	(Supplementary Provisions) Article 17 Amendments to Article 17 of the Articles of Incorporation shall become effective on September 1, 2022, which is the date of enforcement of the amended 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) (hereinafter, the "Effective Date"). 2. Notwithstanding the previous paragraph, Article 17 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) of the Articles of Incorporation shall remain in force with respect to a general meeting of shareholders to be held on a date within six months from the Effective Date. 3. These supplementary provisions shall be deleted after the lapse of six months from the Effective Date or the lapse of three months from the date of the general meeting of shareholders set forth in the preceding paragraph, whichever is later.

Proposal 2: Election of 6 Members of the Board

The terms of office of all Members of the Board (6 in all) will expire at the close of this Meeting. Accordingly, the Company proposes the reelection of 6 Members of the Board.

The candidates of Members of the Board are as follows:

No.	Name		Positions, responsibilities at the Company and significant concurrent positions	Attendance at the Board of Directors meetings
1	 Takahiko Nagasu	Reappointment	President and Chief Executive Officer	100% (17/17 times)
2	 Iwao Hosoya	Reappointment	Member of the Board and Operating Officer, Director, Sales Division, Representative Board Director and President, Soda Nikka Business Support Co., Ltd.	100% (17/17 times)
3	 Ryuji Mezaki	New appointment	Operating Officer, Director, Finance and Accounting Division, In charge of formulating the next Medium-term Management Plan and promoting Go forward	-
4	 Jun Ikeda	Reappointment Outside Independent	Outside Member of the Board Outside Director, Nishimatsu Construction Co., Ltd.	94% (16/17 times)
5	 Yuji Watari	Reappointment Outside Independent	Outside Member of the Board	94% (16/17 times)
6	 Yuji Furukawa	Reappointment Outside Independent	Outside Member of the Board Chairman, The Resona Foundation For Small And Medium Enterprise Promotion Outside Director, WATANABE SATO CO., LTD.	100% (17/17 times)

The Board of Directors of the Company shall elect candidates of Members of the Board after consulting with the Nomination and Remuneration Committee. In consideration of personalities and insights possessed by each individual from among a broad range of diverse human resources, the Board elects those who are deemed capable of fulfilling the roles and responsibilities of Members of the Board as qualified candidates. Candidates of Outside Members of the Board shall satisfy the requirements for independent directors as stipulated by the Companies Act and Tokyo Stock Exchange, Inc. In addition, the Company emphasizes their deep insight and abundant experience necessary for supervising over and providing advice to the Company's management in a candid, active and constructive manner. They are also required to be judged as involving no risk of conflict of interest with general shareholders.

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, positions, responsibilities
and significant concurrent positions</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">1</td><td>

Reappointment

Takahiko Nagasu
(December 22, 1957)

Attendance at the Board of Directors meetings in the fiscal year under review
100%
(17/17)

Term of office as Member of the Board
12 years 0 months</td><td>April 1982
April 2005

June 2010

April 2011

April 2012

May 2012
April 2018

June 2021</td><td>Joined the Company
General Manager, Chemical Materials Department I
Member of the Board and Operating Officer, Deputy Director, Chemical Materials Sales Division
Member of the Board and Operating Officer, Deputy Director, Corporate Planning Division
Member of the Board and Operating Officer, Deputy Director, Corporate Planning Division and General Manager, Overseas Group, Business Strategy Unit
President
Supervisor of Overseas Business and General Manager, Overseas Division
President and Chief Executive Officer (to present)</td><td>117,649</td></tr>
<tr><td colspan="4">Reasons for candidacy as Member of the Board
Takahiko Nagasu has abundant experience and achievements in a wide range of fields including the chemical materials business, overseas business, corporate planning and business strategies. He has the personality and insight fit for a manager of the Company and has fulfilled his responsibilities as Representative Director since May 2012. The Company has decided to renominate him as a candidate for Member of the Board based on the judgment that he would be able to utilize his experience and insight in the management of the Company.</td></tr>
</table>

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
2	 Reappointment Iwao Hosoya (February 10, 1961) Attendance at the Board of Directors meetings in the fiscal year under review 100% (17/17) Term of office as Member of the Board 3 years 0 months	April 1986 Joined the Company April 2006 General Manager, Paper Pulp Department April 2011 Branch Manager, Sapporo Sales Office April 2015 General Manager, Corporate Planning Office June 2015 Operating Officer, General Manager, Corporate Planning Office April 2017 Operating Officer, Director, Business Planning and Coordination Division and General Manager, Corporate Planning Office April 2018 Operating Officer (to present) April 2019 General Manager, Chemical Materials Segment, Director, Basic Chemical Materials Sales Division, General Supervisor of Go forward Project and in charge of Sales Offices June 2019 Member of the Board (to present) April 2020 Director, Chemical Materials Sales Division, Director, Functional Materials Sales Division and in charge of Sales Offices April 2021 Director, Chemical Materials Sales Division April 2022 Director, Sales Division (to present) June 2022 President, Soda Nikka Business Support Co., Ltd. (to present) Significant concurrent positions President, Soda Nikka Business Support Co., Ltd.	29,925
	Reasons for candidacy as Member of the Board Iwao Hosoya has abundant experience and achievements in a wide range of fields including chemical materials business and functional materials business, as well as corporate planning. He has the personality and insight fit for a manager of the Company and has fulfilled his responsibilities as a Member of the Board since June 2019. The Company has decided to renominate him as a candidate for Member of the Board based on the judgment that he would be able to utilize his experience and insight in the management of the Company.		

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
3	 New appointment Ryuji Mezaki (July 8, 1963) Attendance at the Board of Directors meetings in the fiscal year under review - Term of office as Member of the Board -	April 1987 April 2011 April 2016 April 2019 April 2020 April 2021 April 2022	Joined the Company General Manager, Paper Pulp Sales Department Branch Manager, Osaka Sales Office Operating Officer, General Manager, Corporate Planning Office and in charge of IR Operating Officer, General Manager, Corporate Planning Office, General Supervisor of Go forward Project and in charge of promoting the Medium-term Management Plan Operating Officer (to present) General Manager, Corporate Planning Office, General Supervisor of Go forward Project and in charge of promoting the Medium-term Management Plan Go forward Stage 2 Director, Finance and Accounting Division and in charge of formulating the next Medium-term Management Plan and promoting Go forward (to present)	13,631
	Reasons for candidacy as Member of the Board Ryuji Mezaki has abundant experience and achievements in a wide range of fields including chemical materials business and corporate planning. He has the personality and insight fit for a manager of the Company. The Company has decided to nominate him as a candidate for Member of the Board based on the judgment that he would be able to utilize his experience and insight in the management of the Company.			

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Career summary, positions, responsibilities
and significant concurrent positions</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">4</td><td>

Outside
Independent
Reappointment

Jun Ikeda
(February 28, 1952)

Attendance at the Board of Directors meetings in the fiscal year under review
94%
(16/17)

Term of office as Member of the Board
6 years 0 months</td><td>April 1976 Joined Mitsubishi Corporation
December 1998 General Manager, Commodity Chemicals Dept., Mitsubishi International Corporation, New York, U.S.A.
May 2003 Corporate Strategy & Planning Dept. and Business Development Dept., Mitsubishi Corporation
April 2005 Division COO, Advanced Sciences & Technologies Division
April 2006 Executive Officer
June 2009 President, Mitsubishi Shoji Foodtech Co., Ltd.
November 2012 Representative Director & President, Mitsubishi Corporation Life Sciences Limited
President and CEO, KOHJIN Life Sciences Co., Ltd.
June 2016 Outside Member of the Board of the Company (to present)
Outside Director, Nishimatsu Construction Co., Ltd. (to present)
Significant concurrent positions
Outside Director, Nishimatsu Construction Co., Ltd.</td><td>0</td></tr>
<tr><td colspan="3">Reasons for candidacy as Outside Member of the Board and expected roles
Jun Ikeda has long been engaged in management of trading firms and other corporations and has abundant experience and achievements as a manager. The Company expects that his participation will enhance the supervisory function over the business operating organ of the Company and bring in third-party opinions to the management of the Company. In addition, the Company has concluded that there is no risk of conflict of interest with general shareholders with regard to the interests in terms of personnel, business, capital and other relationships between the candidate and the Company.</td></tr>
</table>

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
5	 Outside Independent Reappointment Yuji Watari (August 15, 1951) Attendance at the Board of Directors meetings in the fiscal year under review 94% (16/17) Term of office as Member of the Board 3 years 0 months	April 1978 March 2004 March 2007 March 2008 January 2010 March 2011 January 2012 January 2014 March 2016 March 2018 June 2019	Joined Lion Fat and Oil Co., Ltd. (currently Lion Corporation) Executive Officer and Director of Beauty Care Products Division, Lion Corporation Executive Officer and Director of Planning and Coordination Department, Household Products Division Executive Officer and Executive General Manager of Purchasing Headquarters Senior Executive Officer and Executive General Manager of Purchasing Headquarters Director Director and Executive Officer Executive Director and Executive Officer Representative Director, Senior Executive Director and Executive Officer Advisor Outside Member of the Board of the Company (to present)	0
	Reasons for candidacy as Outside Member of the Board and expected roles Yuji Watari has long been engaged in management of a manufacturing company, and has abundant experience and achievements as a manager. The Company expects that his participation will enhance the supervisory function over the business operating organ of the Company and bring in third-party opinions to the management of the Company. In addition, the Company has concluded that there is no risk of conflict of interest with general shareholders with regard to the interests in terms of personnel, business, capital and other relationships between the candidate and the Company.			

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
6	 Outside Independent Reappointment Yuji Furukawa (September 24, 1961) Attendance at the Board of Directors meetings in the fiscal year under review 100% (17/17) Term of office as Member of the Board 3 years 0 months	April 1984 Joined The Kyowa Bank, Ltd. (currently Resona Bank, Limited) March 2009 Executive Officer, Resona Bank, Limited April 2012 Managing Executive Officer April 2013 Representative Director, Vice President and Executive Officer April 2014 Director and Executive Officer, Resona Bank, Limited Executive Officer, Saitama Resona Bank, Limited Representative Executive Officer, Resona Holdings, Inc. June 2014 Director and Representative Executive Officer, Resona Holdings, Inc. April 2017 President, Resona Kessai Service Co., Ltd. June 2017 Chairman, The Resona Foundation For Small And Medium Enterprise Promotion (to present) June 2019 Outside Member of the Board of the Company (to present) June 2020 Outside Director, WATANABE SATO CO., LTD. (to present) Significant concurrent positions Chairman, The Resona Foundation For Small And Medium Enterprise Promotion Outside Director, WATANABE SATO CO., LTD.	0
	Reasons for candidacy as Outside Member of the Board and expected roles Yuji Furukawa has long been engaged in management of a bank, and has abundant experience and achievements as a manager. The Company expects that his participation will enhance the supervisory function over the business operating organ of the Company and bring in third-party opinions to the management of the Company. In addition, the Company has concluded that there is no risk of conflict of interest with general shareholders with regard to the interests in terms of personnel, business, capital and other relationships between the candidate and the Company.		

Notes:

1. There are no special interests between any of the candidates and the Company.
2. Jun Ikeda, Yuji Watari and Yuji Furukawa are candidates for Outside Members of the Board.
3. Jun Ikeda will have served as the Company's Outside Member of the Board for 6 years at the close of this Meeting.
   Yuji Watari and Yuji Furukawa will have served as Outside Members of the Board for 3 years at the close of this Meeting.
4. Pursuant to provisions of Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation, the Company has entered into agreements with Jun Ikeda, Yuji Watari and Yuji Furukawa to limit their liability stipulated in Article 423, Paragraph 1 of the Act to the amount stipulated by laws and regulations. If they are elected in this proposal and they take office, the Company intends to extend these agreements.
5. The Company has filed Jun Ikeda, Yuji Watari and Yuji Furukawa as independent directors as stipulated by Tokyo Stock Exchange, Inc.
6. The Company has entered into a directors and officers liability insurance contract to insure all of its Members of the Board. The insurance premiums are fully borne by the Company. The insurance policy covers damages that may arise when the insured assumes liability for the execution of his or her duties of a Member of the Board or receives a claim related to the pursuit of such liability during the coverage period. The Company plans to renew the insurance policy to include all the candidates as the insured, if each candidate is elected as a Member of the Board.

(Reference) Skill matrix of Members of the Board

・ Expertise and experience possessed by Members of the Board are as follows.

Name	Expertise and experience					
	Corporate management and management strategy	International perspective	Finance, accounting and capital policy	Personnel affairs and human resources development	Legal affairs, compliance and risk management	Internal control and governance
Takahiko Nagasu	●	●	●	●	●	●
Iwao Hosoya	●					●
Ryuji Mezaki	●		●			●
Jun Ikeda	●	●			●	●
Yuji Watari	●			●	●	●
Yuji Furukawa	●		●	●		●

Proposal 3: Election of 1 Audit and Supervisory Board Member

The term of office of Audit and Supervisory Board Member Kunihiko Koshiba will expire at the close of this Meeting. Accordingly, the Company proposes the election of 1 Audit and Supervisory Board Member.

Takahiro Miyamoto, a candidate for Audit and Supervisory Board Member, will be appointed as a substitute for Kunihiko Koshiba. Accordingly, his term of office shall be until the expiration of the term of office of the retiring Audit and Supervisory Board Member as stipulated in the Articles of Incorporation of the Company.

The Company has obtained the consent of the Audit and Supervisory Board regarding this proposal.

The candidate for Audit and Supervisory Board Member is as follows:

Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
 New appointment Takahiro Miyamoto (February 14, 1962) Attendance at the Board of Directors meetings in the fiscal year under review 100% (17/17) Attendance at the Audit and Supervisory Board meetings in the fiscal year under review - Term of office as Audit and Supervisory Board Member -	April 1985 April 2009 April 2013 June 2013 April 2015 June 2015 April 2016 April 2017 June 2018 April 2019 April 2020 April 2022	Joined the Company Branch Manager, Hiroshima Sales Office Operating Officer, Director, Functional Materials Sales Division Member of the Board (to present) Director, Functional Materials Sales Division and responsible for Sales Offices Operating Officer Director, Business Planning and Coordination Division and responsible for General Sales Supervisor of General Sales in Japan and in charge of Basic Chemical Materials Sales Division, Specialty Chemical Materials Sales Division and Functional Materials Sales Division Supervisor of General Sales and in charge of Basic Chemical Materials Sales Division, Specialty Chemical Materials Sales Division and Functional Materials Sales Division General Manager, Functional Materials Segment and Director, Specialty Chemical Materials Sales Division Director, Finance and Accounting Division President's Assistant (to present)	46,725
Reasons for candidacy as Audit and Supervisory Board Member Takahiro Miyamoto has abundant experience and achievements in a wide range of fields including finance, accounting, and functional materials business. He has the personality and insight fit for an Audit and Supervisory Board Member of the Company. In selecting candidates for Audit and Supervisory Board Members, the Company concluded that he will perform his duties as an Audit and Supervisory Board Member of the Company appropriately drawing on his experience and insight, and therefore nominated him as a candidate for Audit and Supervisory Board Member.			

Notes:

1. There are no special interests between the candidate and the Company.
2. If the election of Takahiro Miyamoto is approved, pursuant to provisions of Article 427, Paragraph 1

of the Companies Act and the Articles of Incorporation, the Company intends to enter into an agreement with Takahiro Miyamoto to limit his liability stipulated in Article 423, Paragraph 1 of the Act to the amount stipulated by laws and regulations.

3. The Company has entered into a directors and officers liability insurance contract to insure all of its Audit and Supervisory Board Members. The insurance premiums are fully borne by the Company. The insurance policy covers damages that may arise when the insured assumes liability for the execution of his or her duties of an Audit and Supervisory Board Member or receives a claim related to the pursuit of such liability during the coverage period. If Takahiro Miyamoto is elected as an Audit and Supervisory Board Member, he will be an insured party under the agreement.

(Reference) Composition of the Audit and Supervisory Board after the election (planned)

Candidate	Name	Current positions in the Company	Attendance at the Board of Directors/Audit and Supervisory Board meetings in the fiscal year under review
●	 Takahiro Miyamoto New appointment	Member of the Board, President's Assistant	Board of Directors meetings 100% (17/17) Audit and Supervisory Board meetings - -
–	 Hiroyasu Tsuchiya Outside Independent	Outside Audit and Supervisory Board Member General Representative, mahoroba Audit Corporation	Board of Directors meetings 94% (16/17) Audit and Supervisory Board meetings 100% (11/11)
–	 Makoto Kikuchi Outside Independent	Outside Audit and Supervisory Board Member	Board of Directors meetings 100% (17/17) Audit and Supervisory Board meetings 100% (11/11)

Note: The term of office of Audit and Supervisory Board Members of the Company is four years.
Hiroyasu Tsuchiya was appointed and assumed office at the 72nd Annual General Meeting of Shareholders held in June 2019. Makoto Kikuchi was appointed and assumed office at the 74th Annual General Meeting of Shareholders held in June 2021.

Proposals 4 and 5 are based on proposals from one shareholder (hereinafter, the "Proposing Shareholder").

The outline of the proposals incorporating the propositions and the reasons for the propositions are stated in their original form.

Proposal 4: Approval for the Amount of Remuneration related to the Transfer-restricted Share-based Remuneration Plan

(1) Outline of the proposal

The amount of remuneration for Members of the Board of the Company was approved at the 59th Annual General Meeting of Shareholders held on June 23, 2006 to be within 250 million yen per annum, and the total amount of transfer-restricted share-based remuneration for Members of the Board (excluding Outside Members of the Board) was approved at the 72nd Annual General Meeting of Shareholders held on June 25, 2019 to be within 30 million yen per annum. Now, with the aim of providing incentives to continuously enhance the corporate value of the Company and promote the further sharing of value between eligible Members of the Board and the Company, a new system of monetary compensation receivables to replace the abovementioned transfer-restricted share-based remuneration framework will be established for the purpose of granting transfer-restricted shares within 250 million yen per annum and with an upper limit of 373,000 transfer-restricted shares to Members of the Board (including Outside Members of the Board; hereinafter, "Eligible Members of the Board"). The transfer restriction period shall be three years from the timing of the grant. The specific payment timing and allocation shall be determined by the Board of Directors. However, the plan is designed as a performance-linked incentive system, and if the performance criteria are met, the cumulative amount of transfer-restricted shares equivalent to three times the amount of fixed remuneration shall be granted over the next three years.

(2) Reasons for the proposal

The Company has introduced a transfer-restricted share-based remuneration plan (hereinafter, the "Plan"); however, the limit amount is low , and it cannot be described as sufficiently achieving the sharing of value between Members of the Board and the Company. In addition to this introduction of the Plan for Members of the Board, I believe that Eligible Members of the Board under the Plan should not be limited to all Members of the Board (including Outside Members of the Board) of the Company but should include the top twenty executives of the Company, including Audit and Supervisory Board Members and Operating Officers. In addition, I propose that fixed remuneration or transfer-restricted shares equivalent to three times the salary on a cumulative basis be granted to eligible officers and employees under the Plan over the next three years. As stated in the "Board Members' Remuneration to Promote Proactive Business Management" issued by the Ministry of Economy, Trade and Industry in April 2014 and continuously revised thereafter, I believe that it is preferable to provide executives with appropriate and effective share-based remuneration in order to encourage management from a shareholder perspective and provide incentives to improve business performance over the medium to long term.

Opinion of the Board of Directors of the Company

Opposed: The Board of Directors of the Company is **opposed** to this proposal for the following reasons.

The basic policy with regard to the Company's remuneration for Members of the Board is to create a remuneration system that enables the Company to promote and retain excellent human resources who practice our management philosophy, provide Members of the Board with incentives to continuously enhance corporate value, and enable the sharing of value between Members of the Board and shareholders, and to set appropriate levels of remuneration based on each responsibility when determining remuneration for individual Members of the Board.

Previously, the amount of remuneration for Members of the Board was approved at the 59th Annual General Meeting of Shareholders held on June 23, 2006 to be within 250 million yen per annum. Moreover, the Company received approval at the 72nd Annual General Meeting of Shareholders held on June 25, 2019 for the introduction of a transfer-restricted share-based remuneration plan for Members of the Board (excluding Outside Members of the Board) with the aim of providing incentives to continuously enhance the corporate value of the Company and promote the further sharing of value with shareholders. In order to ensure impartiality of remuneration for Members of the Board, the Company has established the Nomination and Remuneration Committee, chaired by an Independent Outside Member of the Board and the majority of whose members are Independent Outside Members of the Board, as a voluntary advisory body to the Board of Directors, and the plan is reviewed as appropriate based on reports of the Nomination and Remuneration Committee in response to changes in the environment.

Based on the above circumstances, the current remuneration for Members of the Board consists of basic remuneration as fixed remuneration determined according to position and responsibilities, performance-linked remuneration aimed at raising awareness of improving business performance each business year, and transfer-restricted share-based remuneration that provides incentives to continuously enhance corporate value (remuneration for Outside Members of the Board with management oversight functions consists solely of basic remuneration as fixed remuneration in view of their duties).

With regard to the ratios of each type of remuneration for Members of the Board, each type of remuneration is weighted based on remuneration levels using companies of a similar business scale operating in related industries and business types as the Company as a benchmark, and these are examined by the Nomination and Remuneration Committee. The Board of Directors respects the content of the report by the Nomination and Remuneration Committee, and determines the details of individual remuneration, etc. for Members of the Board within the range of the ratios of each type of remuneration indicated in the report, and reviews the details as appropriate based on reports of the Nomination and Remuneration Committee in response to changes in the environment.

With regard to the total amount of monetary remuneration to be paid for the purpose of granting restricted shares, based on remuneration levels using companies of a similar business scale operating in related industries and business types as the Company as a benchmark, and taking into consideration the balance between basic remuneration as fixed remuneration and performance-linked remuneration, the Company has set the amount of money regarded as being sufficient and appropriate to achieve the above objectives to be within 30 million yen per annum and the number of shares of the Company's common stock to be issued or disposed of as restricted shares to be within 67,000 shares per annum (in the event of a stock spilt, etc., this upper limit may be reasonably adjusted), and this was approved at the 72nd Annual General Meeting of Shareholders held on June 25, 2019.

In this way, the Company's current remuneration plan, including the transfer-restricted share-based remuneration plan, has been determined in consideration of various factors, and we believe that it functions sufficiently as an incentive to enhance corporate value, ensures impartiality with regard to remuneration for Members of the Board, and is a reasonable and appropriate system and scale to enable the promotion of value sharing with shareholders.

Under such a remuneration plan, the shareholder proposal to set the total amount of remuneration for Members of the Board who are subject to the transfer-restricted share-based remuneration plan to within 250 million yen per annum (the number of shares to be granted at an upper limit of 373,000 shares) lacks balance with basic remuneration as fixed remuneration and performance-linked remuneration, is a significant departure from the Company's basic policy for remuneration for Members of the Board, and sets an excessive remuneration framework from the perspective of company scale and operating profit

levels, etc.

In addition, among the reasons for the proposal, this shareholder proposal states that the top twenty executives including Outside Members of the Board and Audit and Supervisory Board Members should be eligible for the transfer-restricted share-based remuneration plan. However, since Outside Members of the Board are expected to oversee the execution of duties by Members of the Board and strengthen the management oversight function of the Board of Directors, and Audit and Supervisory Board Members are expected to audit the execution of duties by Members of the Board, the Company's policy is not to include them as being eligible for transfer-restricted share-based remuneration.

For the above reasons, the Board of Directors of the Company opposes this proposal.

Proposal 5: Acquisition of Own Shares

(1) Outline of the proposal
Based on the provisions of Article 156, Paragraph 1 of the Companies Act, the Company shall acquire 2,499,000 shares of common stock of the Company at a total acquisition price of 1,674,330,000 yen payable in cash within one year from the conclusion of this Annual General Meeting of Shareholders.

(2) Reasons for the proposal
In order to increase shareholder returns and improve capital efficiency, the Company should acquire approximately 10% of the total number of outstanding shares (excluding own shares) as own shares, and adopt measures to cancel them based on Article 178 of the Companies Act.

Opinion of the Board of Directors of the Company

Opposed: The Board of Directors of the Company is **opposed** to this proposal for the following reasons.

The domestic market for inorganic chemicals, which are our primary products, is a mature market and it is possible that alliances and acquisitions among the industry may occur in the future, partly due to the decline in the domestic workforce and a shortage of management leaders. Furthermore, we believe that rationalization and the strengthening of profitability through M&A are essential for strengthening our earnings base.

In such a business environment, the Company has positioned the thorough strengthening of our earnings base as one of the most important management issues, and we aim to strengthen our business areas and further expand our market share by expanding and maintaining logistics functions and through business alliances. Additionally, with a view to future profit growth, we aim to capture new demand by strengthening the functions of manufacturing and processing facilities and increasing the added value of our businesses. Aggressive growth investment is crucial to achieving this, and we recognize that securing financial resources for growth investment is an important issue for the Company.

As a financial policy, in addition to proactive investment for sustainable growth, we intend to implement shareholder return measures, including dividends and the acquisition of own shares, under the basic policy of improving capital efficiency, ensuring financial soundness, and providing continuous and stable shareholder returns.

Based on this concept, the Company has secured a payout ratio of 30% or more for over ten consecutive years. Furthermore, in May 2021, we announced targets for fiscal 2022 as part of our restructuring of the Medium-term Management Plan, raising the payout ratio from the previous target of 30% or more to 40% or more, with the aim of maintaining this level.

In fiscal 2021, we increased the ordinary dividend by 2 yen in line with our favorable business performance, and paid an extraordinary dividend of 8 yen using the gain on the sale of cross shareholdings as a source of funds. As a result, the annual dividend has increased by 10 yen from 14 yen in fiscal 2020 to 24 yen.

In May 2021, at the same time as restructuring the Medium-term Management Plan, the Company announced a reduction in cross-shareholdings, as well as the acquisition of own shares in line with this, as an initiative to return profits to shareholders and implement flexible capital policies in response to changes in the business environment. As a result, we acquired own shares totaling approximately 1.5 billion yen in fiscal 2021.

In this way, the Company is conducting flexible reviews of the Medium-term Management Plan and implementing capital policies such as the acquisition of own shares in order to enhance corporate value over the medium to long term. Therefore, the Company deems that it is not appropriate at this time to approve a resolution for the further large-scale acquisition of own shares sought in this shareholder proposal .

For the above reasons, the Board of Directors of the Company opposes this proposal.

End