KOBAYASHI PHARMACEUTICAL CO., LTD.

[**Disclaimer**: Please note that the following purports to be an accurate translation from the original Notice of Convocation of the 105th Ordinary General Meeting of Shareholders of KOBAYASHI PHARMACEUTICAL CO., LTD. and is prepared solely for the convenience of shareholders outside Japan with voting rights. In case of any discrepancy between the translation and the Japanese original, the latter will prevail. Certain omissions and modifications have been made from the original Japanese notice.]

(TSE Code 4967)
February 28, 2023

To our Shareholders:

NOTICE OF CONVOCATION OF THE 105TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

You are cordially invited to attend the 105th Ordinary General Meeting of Shareholders of KOBAYASHI PHARMACEUTICAL CO., LTD. (the "Company"), which will be held as described below.

In convening this meeting, the Company has electronically provided the information contained in the "Reference Documents for the General Meeting of Shareholders" and other related materials. For the convenience of the shareholders, some of the information is attached in writing, but the entire information contained in the "Reference Documents for the General Meeting of Shareholders" and other related materials is posted on the Company's website.

【The Company's Website】
https://www.kobayashi.co.jp/ir/report/shm/
（*The posted information is written in Japanese）

In addition to the Company's Website above, you can also see the materials at the following websites.

【Website for the General Meeting of Shareholders】
https://d.sokai.jp/4967/teiji/

【Tokyo Stock Exchange Website (TSE Listed Company Information Service)】
https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show
(After accessing the website above, please enter "小林製薬" in the "銘柄名(会社名）" field or the Company's securities code "4967" in the "コード" field, and then select "基本情報" and "縦

覧書類/PR 情報” and click the “株主総会招集通知/株主総会資料” section under “縦覧書類.”)

If you attend the meeting, please submit the enclosed Voting Right Exercise Form[1] *to the receptionist of the meeting. If you are unable to attend the meeting, please note that you may exercise your voting rights in writing or by electronic means (i.e., through the Internet)* [2]*. In such a case, please review the attached "Reference Documents for the General Meeting of Shareholders" and exercise your voting rights in writing or by electronic means no later than noon, March 29, 2023 (Wednesday).*

Very truly yours,

KOBAYASHI PHARMACEUTICAL CO., LTD.

By: /s/ KOBAYASHI AKIHIRO
Akihiro Kobayashi
President and Chief Operating Officer
4-10, Doshomachi 4-chome, Chuo-ku, Osaka

1 Please note that the *Voting Right Exercise Form* is not enclosed in this translation material.

2 For institutional investors: "Electronic Voting Platform" may be available for your exercise of voting rights.

PARTICULARS

1. Date and Time of the Meeting:

Thursday, March 30, 2023 at 10:00 a.m. (doors open at 9:00 a.m.)

2. Place of the Meeting:

"Sanraku" at RIHGA Royal Hotel Osaka (2nd Floor)
5-3-68, Nakanoshima, Kita-ku, Osaka

Please see the map for the place of the meeting which is printed on the back cover of the Japanese original convocation notice.

3. Matters to be dealt with at the Meeting:

Matters for Report:

1. Report on the Business Report, the Consolidated Accounting Documents, and the Non-Consolidated Accounting Documents for the 105th Business Year (January 1, 2022 to December 31, 2022)

2. Report on the Audits of Consolidated Accounting Documents by the Independent Accounting Auditor and the Audit & Supervisory Board for the 105th Business Year (January 1, 2022 to December 31, 2022)

Matters for Resolution:

Proposal No. 1:	Election of Seven (7) Directors
Proposal No. 2:	Election of Four (4) Audit & Supervisory Board Members
Proposal No. 3:	Election of One (1) Substitute Audit & Supervisory Board Member

If there is any revision to the information to be provided electronically, reasons for the revision, information prior to the revision and information after the revision will be posted on the aforementioned websites (i.e., "The Company's Website," "Website for the General Meeting of Shareholders," and "Tokyo Stock Exchange Website").

We will send a document stating the information to be provided electronically to shareholders who have requested the delivery of the document, but such information will exclude the following in accordance with laws and regulations and Article 17, Paragraph 2 of the Company's Articles of Incorporation:

- Business Report: "Principal Business Offices and Plants," "Status of Employees," "Status of Principal Lenders," "Matters Regarding Stock Acquisition Rights, etc.," and "Systems to Ensure Proper Business Operations and Status of Operation of Such Systems"

- Consolidated Accounting Documents: “Consolidated Statements of Changes in Net Assets” and “Notes to Consolidated Financial Statements”
- Non-Consolidated Accounting Documents: “Statement of Changes in Net Assets” and “Notes to Non-Consolidated Financial Statements”

Accordingly, the Business Report, Consolidated Accounting Documents, and Non-Consolidated Accounting Documents included in this convocation notice are a part of the subject documents audited by the Independent Accounting Auditor in preparing the accounting audit report and by the Audit & Supervisory Board in preparing their audit report.

REFERENCE DOCUMENTS FOR
THE GENERAL MEETING OF SHAREHOLDERS

Proposal No. 1: Election of Seven (7) Directors

The term of office of all seven (7) Directors to the present will expire at the close of this General Meeting of Shareholders. Thus, it is proposed that seven (7) Directors be elected. The candidates for Directors are nominated through the Nomination Committee chaired by an Independent Outside Director. The candidates for Directors are as follows:

Candidate Number	Name		Position and Duty at the Company	Attendance Rate of Board of Directors (Attendance / Held)
1	Re-Election	Kazumasa Kobayashi	Representative Director, Chairman of the Board and Chief Executive Officer	100% (13 times /13 times)
2	Re-Election	Akihiro Kobayashi	Representative Director, President and Chief Operating Officer, and Senior General Manager of International Business Division	100% (13 times /13 times)
3	Re-Election	Satoshi Yamane	Senior Executive Director, Senior General Manager of Corporate Headquarters	100% (13 times /13 times)
4	Re-Election	Kunio Ito Outside Director Independent Director	Outside Director	100% (13 times /13 times)
5	Re-Election	Kaori Sasaki Outside Director Independent Director	Outside Director	100% (13 times /13 times)
6	Re-Election	Chiaki Ariizumi Outside Director Independent Director	Outside Director	100% (13 times /13 times)
7	Re-Election	Yoshiro Katae Outside Director Independent Director	Outside Director	100% (10 times /10 times)

Note: 1. There are no special interests between each candidate and the Company.

2. Ms. Chiaki Ariizumi was approved as a Director at the 104th Ordinary General Meeting of Shareholders of the Company held on March 30, 2022. Before being approved as a Director, she attended meetings of the Board of Directors as an Outside Audit & Supervisory Board Member. Thus, the number of times she attended meetings of the Board of Directors includes the number of times she attended meetings as an Outside Audit & Supervisory Board Member.
3. Mr. Yoshiro Katae was approved at the 104th Ordinary General Meeting of Shareholders of the Company held on March 30, 2022. Thus, the number of times he could attend meetings of the Board of Directors is different from the other Directors.

Number of Shares of the Company Owned
224,600 Shares

1. Kazumasa Kobayashi (September 19, 1939)

< Brief Career Summary, Position and Duty at the Company >

Mar. 1962	Joined the Company
Nov. 1966	Director
Nov. 1970	Executive Director
Dec. 1976	Representative Director and President
Jun. 2004	Representative Director, Chairman of the Board and Chief Executive Officer (to the present)

<Assumption of Important Positions>
President of Kobayashi Foundation



Re-Election

Reasons for Nominating as a Candidate for Director

Mr. Kazumasa Kobayashi assumed his office as a Director in 1966, and thereafter served as the Representative Director and President for twenty-eight (28) years since 1976. Further, serving as the Representative Director, Chairman of the Board and Chief Executive Officer since 2004, he has performed his duties as Chairperson at meetings of the Board of Directors. As such, he has directed and supervised the management of the Company and has led the overall management of the Company over the years. Based on such experiences and achievements, it is appropriate for him to continue serving as a Director and we have nominated him for such office.

2. Akihiro Kobayashi (May 13, 1971)

Number of Shares of the Company Owned
9,264,704 Shares



Re-Election

< Brief Career Summary, Position and Duty at the Company >

Mar. 1998	Joined the Company
Jun. 2001	Executive Officer President of Manufacturing Company
Jun. 2004	Director President of International Sales Company and Marketing Officer
Jun. 2007	Executive Director
Mar. 2009	Senior Executive Director Senior General Manager of Manufacturing and Sales Operations Department
Jun. 2013	Representative Director, President and Chief Operating Officer (to the present)
Nov. 2022	Senior General Manager of International Business Division

<Assumption of Important Positions>
President of Kobayashi Aoitori Foundation

Reasons for Nominating as a Candidate for Director

Since the assumption of the office as the Representative Director, President and Chief Operating Officer in 2013, Mr. Akihiro Kobayashi has strengthened the Company's product development strategy and overseas businesses, increased employee engagement, and further enhanced the overall corporate values of the Company and other group companies. He has further sought the continuous growth of the group companies and actively promoted measures to strengthen their international business activities and measure implementing ESG, as well as DX (digital transformation). Based on such achievements and dealings, it is appropriate for him to continue serving as a Director and we have nominated him for such office.

3. Satoshi Yamane (April 16, 1960)

Number of Shares of the Company Owned
8,043 Shares

< Brief Career Summary, Position and Duty at the Company >

Mar. 1983	Joined the Company
Mar. 2004	Executive Officer General Manager of Board of Directors Office and Business Development Office
Jun. 2006	Director Senior General Manager of Corporate Headquarters (to the present)
Jun. 2011	Executive Director
Jun. 2016	Senior Executive Director (to the present)



Re-Election

<Assumption of Important Positions>
None

Reasons for Nominating as a Candidate for Director

Mr. Yamane has been in charge of all administrative divisions at the headquarters (including management planning, finance, corporate communication and IR). Based on the knowledge he has gained through performing such functions, he has fulfilled the roles of participating in important decision-making and supervising business operations. Further, he has strengthened the corporate governance of the Company and properly and promptly responded to changes in the management environment, in addition to the planning and implementation of capital policy as the chief financial officer. Based on such experiences and achievements, it is appropriate for him to continue serving as a Director and we have nominated him for such office.

4. Kunio Ito (December 13, 1951)

Number of Shares of the Company Owned
0 Shares

< Brief Career Summary, Position and Duty at the Company >

Apr. 1992	Professor of the Faculty of Commerce and Management of Hitotsubashi University
Apr. 2000	Professor of the Graduate School of Commerce and Management of Hitotsubashi University
Aug. 2002	Dean of the Graduate School of Commerce and Management and Dean of the Faculty of Commerce And Management of Hitotsubashi University
Dec. 2004	Vice President and Director of Hitotsubashi University
Jun. 2013	Outside Director of the Company (to the present)
Jan. 2015	Head of CFO Training Course of Hitotsubashi University (to the present)
Apr. 2015	Adjunct Professor of the Graduate School of Commerce and Management of Hitotsubashi University
Apr. 2018	Adjunct Professor of the Graduate School of Business Administration of Hitotsubashi University
Apr. 2020	Professor Emeritus of the Department of Business Administration of the Graduate School of Business Administration of Hitotsubashi University (to the present)



Re-Election

Outside Director

Independent Director

<Assumption of Important Positions>

Professor Emeritus of the Department of Business Administration of the Graduate School of Business Administration of Hitotsubashi University / Outside Director of Toray Industries, Inc. / Outside Director of Seven & i Holdings Co., Ltd.

<Term of Office>

Nine (9) years and nine (9) months (at the close of this shareholders' meeting)

Reasons for Nominating as a Candidate for Outside Director and Summary of Expected Roles

Mr. Ito has researched and studied accounting and business management as a university professor for many years, has extensive experience in corporate management through serving as an outside director of other companies, and fulfilled a central role in a governmental study group concerning the continuous growth of companies. Based on the knowledge he has gained through such activities, he has served in a supervisory role at the Company exercising oversight over corporate management and focusing on the enhancement of corporate value (including the improvement of capital efficiency, realization of human capital management, and DX (digital transformation)). Based on such experiences and achievements, we expect him to continue to fulfill his supervisory role to contribute to the enhancement of corporate value of the Company and we have nominated him for such office. Although he has no experience of being involved in the management of a company other than as an outside director in the past, we believe that he will be able to appropriately perform his duties as an Outside Director for the reasons stated above.

Notes: 1. Mr. Kunio Ito is a candidate for Outside Director. He has been designated as an Independent Director and reported as such to the Tokyo Stock Exchange. If his re-election is approved, he will continue to serve as such Independent Director.

2. After Mr. Kunio Ito was elected as Outside Director, the Company concluded an agreement with him pursuant to Article 427, Paragraph 1 of the Companies Act of Japan to limit the amount of his liability to the Company to the extent allowed by laws and regulations. If his

re-election is approved, the Company will renew such agreement. A summary of the agreement is as follows:

If, after the conclusion of this agreement, the Outside Director causes damage to the Company because of his failure to perform his duties as Outside Director, his liability to the Company for such damage shall be limited to the minimum amount of liability provided for under Article 425, Paragraph 1 of the Companies Act of Japan, provided that such failure is not caused by his intentional act or gross negligence.

3. (1) Mr. Kunio Ito serves as an Outside Director of Seven & i Holdings Co., Ltd., the parent company of Seven Pay Co., Ltd. ("Seven Pay"). Some of the settlement service accounts operated by Seven Pay were subject to unauthorized access in July 2019. Mr. Ito was not aware of such incident prior to the public announcement. He has regularly expressed his view on the importance of proper business activities of Seven Pay and other related group companies and, following the public announcement, has expressed his views on preventing the recurrence of such type of incident and has been duly performing his duties as an Outside Director. (2) Mr. Ito served as an Outside Director of Akebono Brake Industry Co., Ltd. ("Akebono Brake"), until June 2019. It was discovered that some inappropriate actions were taken in connection with the periodic inspection reports of certain products manufactured by the domestic manufacturing subsidiary of Akebono Brake. Mr. Ito was not aware of such incident during his tenure as an Outside Director of Akebono Brake. He had regularly expressed his view on the importance of proper business practices at Akebono Brake and its group companies and duly performed his duties as an Outside Director of Akebono Brake. (3) Mr. Ito serves as an Outside Director of Toray Industries, Inc. ("Toray"). It was discovered that some inappropriate actions were taken in the registration of resin products sold by Toray for standard certification, and in March and August of the same year, the certification registrations for some products were revoked. Mr. Ito was not aware of such incident during his tenure as an Outside Director of Toray. He had regularly expressed his view on the importance of proper business practices at Toray and its group companies and duly performed his duties as an Outside Director of Toray.

5. Kaori Sasaki (May 12, 1959)

Number of Shares of the Company Owned
0 Shares

< Brief Career Summary, Position and Duty at the Company >

Jul. 1987	President and Representative Director of UNICUL International, Inc. (to the present)
Mar. 2000	President and Representative Director of ewoman, Inc. (to the present)
Jun. 2016	Outside Director of the Company (to the present)



Re-Election

Outside Director

Independent Director

<Assumption of Important Positions>

President and Representative Director of UNICUL International, Inc. / President and Representative Director of ewoman, Inc. / Outside Director of AGP Corporation / Outside Director of Japan Post Co., Ltd. / Outside Director of Premier Wellness Science Co., Ltd.

<Term of Office>

Six (6) years and nine (9) months (at the close of this shareholders' meeting)

Reasons for Nominating as a Candidate for Outside Director and Summary of Expected Roles

In addition to her achievements and insight in managing companies, Ms. Sasaki has extensive experiences in corporate management as an outside director in other companies. Also, she has held the International Conferences for Women in Business for many years and has been a pioneer of diversity management. She has contributed to the enhancement of the corporate value of the Company by providing advice and supervision in areas such as product development from consumers' viewpoints and DX (digital transformation), in addition to supporting the success of women and reform of work styles which are important in promoting diversity management at the Company. Based on such experiences and achievements, we expect her to continue to provide advice and supervision that will contribute to the enhancement of the corporate value of the Company, and we have nominated her for such office.

Notes:

1. Ms. Kaori Sasaki is a candidate for Outside Director. She has been designated as an Independent Director and reported as such to the Tokyo Stock Exchange. If her re-election is approved, she will continue to serve as an Independent Director.

2. After Ms. Kaori Sasaki was elected as Outside Director, the Company concluded an agreement with her pursuant to Article 427, Paragraph 1 of the Companies Act of Japan to limit the amount of her liability to the Company to the extent allowed by laws and regulations. If her re-election is approved, the Company will renew such agreement. A summary of the agreement is as follows:

   If, after the conclusion of this agreement, the Outside Director causes damage to the Company because of her failure to perform her duties as Outside Director, her liability to the Company for such damage shall be limited to the minimum amount of liability provided for under Article 425, Paragraph 1 of the Companies Act of Japan, provided that such failure is not caused by her intentional act or gross negligence.

3. ewoman, Inc., for which Ms. Kaori Sasaki serves as the President and Representative Director, tenders services to measure the understanding of diversity, and the Company is being provided with such services. We also endorse and sponsor the idea of diversity at the "International Conferences for Women in Business" hosted by ewoman, Inc. The total amount of these costs is no more than 10 million Japanese Yen per year and the Company's standards regarding the election of an Outside Director are satisfied.

4. Ms. Kaori Sasaki serves as Outside Director of Japan Post Co., Ltd. ("Japan Post"). As of December 27, 2019, Japan Post was ordered, by the Ministry of Internal Affairs and

Communications and the Financial Services Agency, to suspend certain of its business activities due to its improper sales of insurance products. In addition, in November 2020, Japan Post announced that it had lost the "Financial Instruments Brokerage Auxiliary Book" and other related documents containing customer information and their transactions about financial instruments. Ms. Sasaki was not aware of such impropriety prior to the public announcement. She has regularly expressed her view on the importance of "user-friendly" business practices and strict legal compliance, and has made remarks on appropriate business execution. Following the public announcement of these incidents, she has focused on making proposals for business improvement and supervising the progress of measures to prevent the recurrence of such type of impropriety and has been duly performing her duties as an Outside Director.

6. Chiaki Ariizumi (October 14, 1964)

Number of Shares of the Company Owned
0 Shares

< Brief Career Summary, Position and Duty at the Company >

Apr. 1987	Joined The Bank of Japan
May 1998	Deputy Director, Head of Europe & America Group, Global Economic Research Division, International Department, The Bank of Japan
Jul. 2009	Director, Head of Business Liaison Group, Secretariat of the Policy Board, The Bank of Japan
Jun. 2019	Director, Public Relations Department, The Bank of Japan
Jan. 2020	Personnel and Corporate Affairs Department, The Bank of Japan
Mar. 2020	Outside Audit & Supervisory Board Member, of the Company
Mar. 2022	Outside Director of the Company (to the present)



Re-Election

Outside Director

Independent Director

<Assumption of Important Positions>
Outside Statutory Auditor of IDEA Consultants, Inc. / Outside Statutory Auditor of Kiraboshi Bank, Ltd. / Outside Director of Ushio Inc.

<Term of Office>
Three (3) years (at the close of this shareholders' meeting, and two (2) years as an Outside Audit & Supervisory Board Member)

Reasons for Nominating as a Candidate for Outside Director and Summary of Expected Roles

Ms. Ariizumi had been actively involved at The Bank of Japan, not only in analyzing the economic circumstances and financial markets of Japan and overseas countries, but also in discussions with management of various companies regarding such economic circumstances and The Bank of Japan's related policies and decision-making. She was an Outside Audit & Supervisory Board Member at the Company from March 2020 to March 2022. Based on her extensive knowledge and experiences gained through such involvement at The Bank of Japan, and her attitude of constant consideration of how to promote the sound development of the Japanese economy as a whole, as well as her experience to serve as an Outside Audit & Supervisory Board Member at the Company, she has provided accurate proposals and advice on the Company's management from an objective standpoint, and contributed to the increase of the corporate value of the Company. In light of these experiences and achievements, we expect that she will continue to provide advice and supervision to increase the corporate value of the Company and have nominated her as a candidate for an Outside Director. Although she has no experience of being involved in the management of a company other than as an outside director/auditor in the past, we believe that she will be able to appropriately perform her duties as an Outside Director for the reasons stated above.

Notes: 1. Ms. Chiaki Ariizumi is a candidate for Outside Director. She has been designated as an Independent Auditor and reported as such to the Tokyo Stock Exchange. If her re-election is approved, she will continue to serve as an Independent Director.

2. After Ms. Ariizumi's assumption of office as an Outside Director, the Company concluded an agreement with her pursuant to Article 427, Paragraph 1 of the Companies Act of Japan, to limit the amount of her liability to the Company to the extent allowed by laws and regulations. If her re-election is approved, the Company will renew such agreement. A summary of the agreement is as follows:

   If, after the conclusion of this agreement, the Outside Director causes damage to the Company because of her failure to perform her duties as Outside Director, her liability to the Company for

such damage shall be limited to the minimum amount of liability provided for under Article 425, Paragraph 1 of the Companies Act of Japan, provided that such failure is not caused by her intentional act or gross negligence.

7. Yoshiro Katae (October 28, 1956)

Number of Shares of the Company Owned
0 Shares



Re-Election
Outside Director
Independent Director

< Brief Career Summary, Position and Duty at the Company >

Apr. 1981	Joined Komatsu Ltd.
Jan. 2003	Osaka Plant GM, General Affairs Department, Production Division of Komatsu Ltd.
Jul. 2007	GM, General Affairs Department of Komatsu Ltd.
Apr. 2013	Executive Officer, GM, General Affairs Department (in Charge of Risk Management) of Komatsu Ltd.
Jul. 2013	Secretary General (in Charge of Risk Management) of Komatsu Ltd.
Oct. 2015	Secretary General (in Charge of Risk Management) of Komatsu Ltd. and GM, Komatsu Economic Strategy Research Center
Apr. 2017	Secretary General (Supervising General Affairs & Compliance and Risk Management) of Komatsu Ltd.
Apr. 2018	Senior Executive Officer (Jomu) of Komatsu Ltd.
Jul. 2019	Advisor of Komatsu Ltd. (to the present)
Mar. 2022	Outside Director of the Company (to the present)

<Assumption of Important Positions>
Advisor of Komatsu Ltd. / Adviser of Group Development Division of Green Food Management Systems Co., Ltd.

<Term of Office>
One (1) year (at the close of this shareholders' meeting)

Reasons for Nominating as a Candidate for Outside Director and Summary of Expected Roles

As the Executive Officer of Komatsu Ltd., Mr. Katae has a high level of insight and extensive experiences especially in risk management and compliance at global companies. Based on such experiences and achievements, by making proposals on the Company's overall management, we expect that he will contribute to the appropriate monitoring of the management strategy of the Company which promotes the strengthening of its international business, and the enhancement of its corporate value over the medium to long term. Based on these experiences and achievements, we expect that he will continue providing advice and supervision to increase the corporate value of the Company and have nominated him as a candidate for an Outside Director. Although he has no experience of being involved in the management of a company other than as an outside director in the past, we believe that he will be able to appropriately perform his duties as an Outside Director for the reasons stated above.

Notes: 1. Mr. Yoshiro Katae is a candidate for Outside Director. He has been designated as an Independent Auditor and reported as such to the Tokyo Stock Exchange. If his re-election is approved, he will continue to serve as an Independent Director.

2. After Mr. Katae's assumption of office as Outside Director, the Company concluded an agreement with him pursuant to Article 427, Paragraph 1 of the Companies Act of Japan, to limit the amount of his liability to the Company to the extent allowed by laws and regulations. If his re-election is approved, the Company will renew such agreement. A summary of the agreement is as follows:

   If, after the conclusion of this agreement, the Outside Director causes damage to the Company because of his failure to perform his duties as Outside Director, his liability to the Company for such damage shall be limited to the minimum amount of liability provided for

under Article 425, Paragraph 1 of the Companies Act of Japan, provided that such failure is not caused by his intentional act or gross negligence.

Proposal No. 2: Election of Four (4) Audit & Supervisory Board Members

The term of office of all four (4) Audit & Supervisory Board Members will expire at the close of this General Meeting of Shareholders. It is proposed that four (4) Audit & Supervisory Board Members be elected.

The Board of Audit & Supervisory Board Members has agreed to this proposal in advance.

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

Candidate Number	Name		Current Position and Duty at the Company	Attendance Rate of Board of Directors (Attendance / Held)	Attendance Rate of Audit & Supervisory Board (Attendance / Held)
1	Re-Election	Akitoshi Yamawaki	Full-time Audit & Supervisory Board Member	100% (13 times /13 times)	100% (14 times /14 times)
2	Re-Election	Takashi Kawanishi	Full-time Audit & Supervisory Board Member	100% (10 times /10 times)	100% (14 times /14 times)
3	Re-Election	Yoko Hatta Outside Audit & Supervisory Board Member Independent Auditor	Outside Audit & Supervisory Board Member	100% (13 times /13 times)	100% (14 times /14 times)
4	New-Election	Sumio Moriwaki Outside Audit & Supervisory Board Member Independent Auditor	-	-	-

Note: There are no special interests between each candidate and the Company.

1. Akitoshi Yamawaki (July 31, 1959)

Number of Shares of the Company Owned
2,093 Shares

< Brief Career Summary and Position at the Company >

Apr. 1983	Joined Sunstar Inc.
July. 2003	Joined the Company
Mar. 2008	General Manager of Production Engineering Department
Mar. 2009	President and Representative Director of Toyama Kobayashi Pharmaceutical Co., Ltd.
Mar. 2011	General Manager of Quality Assurance Department of the Company
Mar. 2014	General Manager of Procurement Department
Mar. 2016	General Manager of Daily Goods Technology Development Department
Mar. 2019	Full-time Audit & Supervisory Board Member (to the present)



Re-Election

Reasons for Nominating as a Candidate for Audit & Supervisory Board Member

Mr. Yamawaki has been in charge of manufacturing division and technology development division of the Company for many years, after working at a major manufacturing company. Based on various knowledges gained through such experiences, as well as his ability to make rational and objective judgements, he has significantly contributed to the supervision of business operations as an Audit & Supervisory Board Member. With the expectation that he will continue to properly fulfill his duties, we have nominated him for the office of Audit & Supervisory Board Member.

Notes: After Mr. Yamawaki's assumption of office as Audit & Supervisory Board Member, the Company concluded an agreement with him pursuant to Article 427, Paragraph 1 of the Company Law to limit the amount of his liability to the Company to the extent allowed by laws and regulations. If the re-election of Mr. Yamawaki is approved, the Company will continue such agreement with him pursuant to Article 427, Paragraph 1 of the Company Law to limit the amount of his liability to the Company. A summary of the agreement is as follows:

If, after the conclusion of this agreement, the Audit & Supervisory Board Member causes damage to the Company because of his failure to perform his duties as Audit & Supervisory Board Member, his liability to the Company for such damage shall be limited to the minimum amount of liability provided for under Article 425, Paragraph 1 of the Company Law, provided that such failure is not caused by his intentional act or gross negligence.

2. Takashi Kawanishi (August 6, 1965)

Number of Shares of the Company Owned
522 Shares

< Brief Career Summary and Position at the Company >

Apr. 1990	Joined the Company
Mar. 2014	General Manager of R&D Planning and Administration, the Central R&D Laboratory
Jan. 2020	General Manager of the General Affairs, the Corporate Headquarters
Mar. 2021	Full-time Audit & Supervisory Board Member (to the present)



Re-Election

Reasons for Nominating as a Candidate for Audit & Supervisory Board Member

After joining the Company, Mr. Kawanishi's career has been focused on research and development and new projects in the area of immunology. Further, as the General Manager of the General Affairs Department of the Company, he has dealt with a wide range of matters, including crisis management to take countermeasures against new coronavirus infections. Based on various knowledges gained through such experiences, as well as his ability to make rational and objective judgements, he has significantly contributed to the supervision of business operations as an Audit & Supervisory Board Member. With the expectation that he will continue to properly fulfill his duties, we have nominated him for the office of Audit & Supervisory Board Member.

Notes: 1. After Mr. Kawanishi's assumption of office as Audit & Supervisory Board Member, the Company concluded an agreement with him pursuant to Article 427, Paragraph 1 of the Company Law to limit the amount of his liability to the Company to the extent allowed by laws and regulations. If the re-election of Mr. Kawanishi is approved, the Company will renew such agreement. A summary of the agreement is as follows:

If, after the conclusion of this agreement, the Audit & Supervisory Board Member causes damage to the Company because of his failure to perform his duties as Audit & Supervisory Board Member, his liability to the Company for such damage shall be limited to the minimum amount of liability provided for under Article 425, Paragraph 1 of the Company Law, provided that such failure is not caused by his intentional act or gross negligence.

3. Yoko Hatta (June 8, 1952)

Number of Shares of the Company Owned
0 Shares

< Brief Career Summary and Position at the Company>

Aug. 1988	Joined Peat Marwick Main & Co. (currently KPMG LLP New York)
Aug. 1997	Partner, Peat Marwick Main & Co. (currently KPMG LLP New York)
Sep. 2002	Partner, KPMG Peat Marwick LLP (currently KPMG Tax Corporation)
Jun. 2008	Auditor of International Christian University (to the present)
Jun. 2015	Outside Audit & Supervisory Board Member of the Company (to the present)



Re-Election

Outside Audit & Supervisory Board Member

Independent Auditor

<Assumption of Important Positions>
Auditor of International Christian University /
Outside Director of Nippon Paper Industries Co., Ltd. /
Outside Director of Ajinomoto Co., Inc. /
Outside Director of Koei Chemical Co., Ltd.

<Term of Office>
Seven (7) years and nine (9) months (at the close of this shareholders' meeting)

Reasons for Nominating as a Candidate for Audit & Supervisory Board Member

Ms. Hatta worked at a tax accounting firm and has significant expertise in international tax matters. Ms. Hatta serves as an outside director or auditor of companies and has served as an auditor of a university for many years. Based on the above-mentioned expertise and experiences, she has properly implemented the audit with respect to the global business activities of the Company. Although she has no experience of being involved in the management of a company other than as an outside director/auditor in the past, we believe that she will be able to appropriately perform his duties as Outside Auditor & Supervisory Board Member for the reasons stated above.

Notes: 1. Ms. Yoko Hatta is a candidate for Outside Audit & Supervisory Board Member. The Tokyo Stock Exchange has been notified that she is an Independent Auditor as set forth by the Tokyo Stock Exchange. If her re-election is approved, she will continue to be an Independent Auditor.

2. After Ms. Hatta's assumption of office as an Outside Audit & Supervisory Board Member, the Company concluded an agreement with her pursuant to Article 427, Paragraph 1 of the Company Law to limit the amount of her liability to the Company to the extent allowed by laws and regulations. If the re-election of Ms. Hatta is approved, the Company will renew such agreement. A summary of the agreement is as follows:

   If, after the conclusion of this agreement, the Audit & Supervisory Board Member causes damage to the Company because of her failure to perform her duties as Audit & Supervisory Board Member, her liability to the Company for such damage shall be limited to the minimum amount of liability provided for under Article 425, Paragraph 1 of the Company Law, provided that such failure is not caused by her intentional act or gross negligence.

3. In January 2019, IHI Corporation ("IHI"), where Ms. Hatta served as an outside audit & supervisory board member until June 2020, discovered that inappropriate action had been performed in its commercial aircraft engine maintenance business. As a result, in March of the same year, IHI received an administrative order from the Ministry of Economy, Trade and Industry under the Aircraft Manufacturing Business Law to conduct repairs using approved repair methods, and in April of the same year, IHI received a business improvement order from the Ministry of Land, Infrastructure, Transport and Tourism under the Civil Aeronautics Law. Although she was not aware of this incident at the time it occurred, she had been making recommendations on the

importance of compliance and risk management. After the discovery of the incident, she fulfilled her responsibilities by receiving reports on the progress of the investigation and monitoring the situation, promptly investigating the impact on safety, taking appropriate measures to prevent recurrence, and further reinforcing compliance.

4. Sumio Moriwaki (March 3, 1957)

Number of Shares of the Company Owned
0 Shares

< Brief Career Summary>

Apr. 1981	Joined Ishii Law Office
Jun. 1985	Graduated from Harvard Law School (LL.M.)
Apr. 1991	Partner, Ishii Law Office (to the present)
Apr. 1999	Instructor, Legal Training and Research Institute of the Supreme Court (Civil Defense)
Apr. 2007	Visiting Professor, University of Tokyo Law School
May 2015	Chairman, Judicial System Research Committee, Japan Federation of Bar Associations
Jun. 2017	Outside Audit & Supervisory Board Member, JSR Corporation
	Outside Director, Topy Industries, Ltd.

<Assumption of Important Positions>
Partner of Ishii Law Office



New-Election

Outside Audit & Supervisory Board Member

Independent Auditor

Reasons for Nominating as a Candidate for Audit & Supervisory Board Member

As an attorney at law, Mr. Moriwaki has significant legal knowledge to judge the appropriateness of corporate activities and experience in numerous cases involving crucial management decisions. He also has experience as an outside director or auditor at several companies, and we expect him to utilize these expertise and experiences to strictly and actively speak at Board of Directors' Meetings and Audit & Supervisory Board Members' Meetings of the Company. Although he has no experience of being involved in the management of a company other than as an outside director/auditor in the past, we believe that he will be able to appropriately perform his duties as an Outside Audit & Supervisory Board Member for the reasons stated above.

Notes: 1. Mr. Sumio Moriwaki is a candidate for Outside Audit & Supervisory Board Member, and he satisfies the requirements for an Independent Auditor as set forth by the Tokyo Stock Exchange. If his election is approved, his role as an Independent Auditor will be notified to the Tokyo Stock Exchange.

2. After Mr. Moriwaki's assumption of office as an Audit & Supervisory Board Member, the Company plans to conclude an agreement with him pursuant to Article 427, Paragraph 1 of the Company Law to limit the amount of his liability to the Company to the extent allowed by laws and regulations. A summary of the agreement is as follows:

   If, after the conclusion of this agreement, the Audit & Supervisory Board Member causes damage to the Company because of his failure to perform his duties as Audit & Supervisory Board Member, his liability to the Company for such damage shall be limited to the minimum amount of liability provided for under Article 425, Paragraph 1 of the Company Law, provided that such failure is not caused by his intentional act or gross negligence.

Proposal No. 3: Election of One (1) Substitute Audit & Supervisory Board Member

As preparation for the situation where the number of Audit & Supervisory Board Members becomes smaller than that required by the laws and regulations, it is proposed that one (1) Substitute Audit & Supervisory Board Member be elected.

The Company has obtained approval from the members of the Audit & Supervisory Board with respect to this proposal.

The candidate for Substitute Audit & Supervisory Board Member is as follows:

Shintaro Takai (January 24, 1973)

Number of Shares of the Company Owned
0 Shares

< Brief Career Summary, Position at the Company >

Apr. 1999	Joined Nagashima & Ohno (currently, Nagashima Ohno & Tsunematsu)
Jun. 2004	Earned LL.M. at the University of Chicago Law School
Jan. 2007	Partner, Nagashima Ohno & Tsunematsu
Jun. 2016	Managing Partner, Takai & Partners (to the present)



Substitute Outside Audit & Supervisory Board Member

Independent Auditor

<Assumption of Important Positions>
Managing Partner, Takai & Partners / Outside Audit & Supervisory Board Member, Miki Shoko Co., Ltd. / Outside Director, Seino Holdings Co., Ltd.

Reasons for Nominating as a Candidate for Substitute Outside Audit & Supervisory Board Member

Mr. Shintaro Takai has extensive experience and highly specialized knowledge, particularly in the area of corporate governance as a lawyer. In addition, he has a deep knowledge of legal affairs in the international area, which we believe will not only promote the Company's focus on internationalization but also strengthen our governance system. From this perspective, we expect that he will be able to appropriately perform his duties as Outside Audit & Supervisory Board Member, and have nominated him as a candidate for the Substitute Outside Audit & Supervisory Board Member. Although he has no experience of being involved in the management of a company other than as an outside director/auditor in the past, we believe that he will be able to appropriately perform his duties as Outside Audit & Supervisory Board Member for the reasons stated above.

Notes: 1. There are no special interests between Mr. Shintaro Takai and the Company.

2. Mr. Takai is a candidate for Substitute Outside Audit & Supervisory Board Member. If Mr. Takai assumes his office as Outside Audit & Supervisory Board Member, he satisfies the requirements to serve as an Independent Auditor as set forth by the Tokyo Stock Exchange, and the Company will notify the Tokyo Stock Exchange that he will serve as an Independent Auditor.

3. After Mr. Takai's assumption of office as Outside Audit & Supervisory Board Member, the Company will conclude an agreement with him pursuant to Article 427, Paragraph 1 of the Companies Act of Japan, to limit the amount of his liability to the Company to the extent allowed by laws and regulations. A summary of the agreement is as follows:

If, after the conclusion of this agreement, the Outside Audit & Supervisory Board Member causes damage to the Company because of his failure to perform his duties as Outside Audit & Supervisory Board Member, his liability to the Company for such damage shall be limited to the minimum amount of liability provided for under Article 425, Paragraph 1 of the Companies Act of Japan, provided that such failure is not caused by his intentional act or gross negligence.

Directors' Liability Insurance Policy for Candidates for Directors, Audit & Supervisory Board Members, and Substitute Audit & Supervisory Board Members

In order to secure excellent human resources and support proactive and decisive management decisions for the Company's growth, the Company has concluded a directors' liability insurance policy (the "Policy") with the following outline, which is scheduled to be renewed in July 2023. The candidates for reappointment among the directors and audit & supervisory board members to be proposed in Proposal 1 (election of seven directors) and Proposal 2 (election of four audit & supervisory board members) are already insured under the Policy and will continue to be insured if their reappointment is approved. The candidate for the new audit & supervisory board member will be insured under the Policy if his election is approved, and the candidate for the substitute audit & supervisory board member to be proposed in Proposal 3 will be insured under the Policy if he assumes office as a substitute audit & supervisory board member.

Summary of the Policy

① Actual premiums to be borne by the insured

Premiums are borne by the Company, including the rider portion, and there is no substantial premium burden on the insured.

② Summary of insured accidents subject to indemnity

Together with the rider portion, the insured directors, etc. will be covered for damages, legal expenses, etc. that may arise as a result of them being held liable for the performance of their duties or being subject to claims related to the pursuit of such liability.

③ Measures to ensure that the adequacy of the duties of the directors, etc. is not impaired

In order to ensure that the insured person's performance of his/her duties is not impaired, there are certain exclusions of liability, such as in the case of acts committed with knowledge that the acts are in violation of laws and regulations.

Policy and Procedures for Appointment and Nomination of Directors and Auditors

While the Board of Directors has two functions: “decision-making on implementation of business activities” and “supervision of business operations”, we value knowledge and experience in business activities for the former function and the managerial perspectives and experience for the latter function. We also believe that not only the perspectives of women or foreigners but also the values held by such persons are part of diversity and we believe it is important to understand the value that the Company does not have.

Based on the above, the Company has established the following policies and procedures for the appointment and nomination of Directors and Auditors, which has been discussed by the Nomination Committee and decided by the Board of Directors.

① Criteria for Appointment of Internal Directors

As individuals who will ensure the effectiveness of corporate governance at the Board of Directors and contribute to the enhancement of the Company’s corporate value over the medium to long term, candidates for Directors and management (including Chairman and President) shall be appointed based on the following criteria:

- A person who is well versed in the Company’s business, and has extensive experiences and a high level of insight.
- A person who embodies the Company’s management philosophy and code of conduct.
- A person with a high level of compliance awareness and an outstanding character
- The composition of the Board of Directors should take diversity into consideration, taking into account the balance of expertise, without relying on individual attributes such as gender and nationality.

② Criteria for Appointment of Outside Directors

For the purpose of strengthening the supervisory function of business execution from an independent standpoint outside the Company and at the same time providing appropriate advice on the Company’s management strategies and business execution, multiple candidates for Outside Directors shall be selected in principle based on the following criteria:

- A person with the ability to provide appropriate supervision and advice on business execution and management strategies, such as having extensive experiences and a high level of insight in specialized fields which are valuable to the Company.
- A person who is not likely to cause a conflict of interest with general shareholders.
- In principle, one of the Outside Directors must have corporate management experience.

③ Criteria for Appointment of Auditors

In principle, more than one corporate auditor shall be elected based on the following criteria, with the aim of ensuring the sound and sustainable growth of the Company and establishing a high-quality corporate governance system that can respond to social trust by auditing the duties of the directors from a standpoint independent of the execution of business operations.

The Company shall appoint two or more corporate auditors in principle based on the following criteria:

- Abundant experience and the ability to conduct audits with a fair and unbiased attitude from a company-wide perspective
- At least one of the Auditors must have considerable knowledge of finance and accounting

④ Appointment Procedure of Directors (Internal and Outside Directors)
The Nomination Committee shall deliberate on the proposed candidates, confirm the appropriateness of the candidates based on their experience and knowledge and past performance, and then nominate the

candidates for appointment at the Board of Directors meeting for approval at the General Meeting of Shareholders.

⑤ Dismissal Criteria and Procedure of Directors (Internal and Outside)

The dismissal of a Director shall be resolved by the Board of Directors and submitted to the General Meeting of Shareholders, after receiving a report from the Nomination Committee, in cases where it is recognized that the Director is not fulfilling his or her functions based on an evaluation of business performance, etc., or where it is recognized that it will be difficult for the Director to properly perform his or her duties in the future, or where it is recognized that the Director has acted improperly or in violation of laws, regulations or Articles of Incorporation.

Points of Focus on Appointment of Independent Outside Directors/Auditors

In appointing independent outside directors/auditors (i.e., Outside Directors and Outside Audit & Supervisory Board Members), we believe it is most important for such directors/auditors to be able to clearly state his or her opinion to the non-outside Directors and the management. Also, we have established the objective standards that no Independent Outside Director shall fall into any of the following categories:

1. A person who implements the business activities at the parent company or any sister company of the Company;

2. A person with whom the Company and/or its group companies is a major business partner (see Note 1) and a person who implements the business activities at a company with which the Company and/or its group companies is a major business partner, or major business partners of the Company and/or its group companies (see Note 2) and a person who implements the business activities at such major business partners of the Company and/or its group companies;

3. A consultant, accounting expert or legal expert who receives a large sum of money or other payment (see Note 3) from the Company and/or its group companies (excluding the compensation as a director or auditor of the Company) (If the person who receives such property is a corporation, partnership, or other organization, the person who belongs to the organization.);

4. A person who receives a large sum of donation (see Note 4) from the Company and/or its group companies or a person who implements the business activities of such person;

5. A major shareholder (a person who directly or indirectly holds 10% or more of the total voting rights) of the Company or a person who implements the business activities of such major shareholder;

6. A person who implements the business activities of a company in which the Company and/or its group companies is a major investor (a person who directly or indirectly holds 10% or more of the total voting rights)

7. Any person who falls into any of the items 1 through 6 above within the past two (2) years; or

8. Any person who is a relative to any of the following persons (other than those who are determined not to be important by the Company):

   (a) A person who falls into any of the items 1 through 7 above;

   (b) A person who implements business activities at the Company or any of its subsidiaries (and, in the case of designating an Outside Audit & Supervisory Board Member as an Independent Auditor, a Director or Accounting Advisor who does not implement the business activities to be included as such); or

   (c) A person who fell into item (b) above until recently.

   (Note 1) A person with whom the Company and/or its group companies is a major business partner means a person with whom the total amount of transactions between the Company and/or its group companies and the relevant business partner in each fiscal year exceeds 10 million yen per fiscal year or 2% of the consolidated net sales of the relevant business partner in the consolidated fiscal year ending in the relevant fiscal year, whichever is higher.

   (Note 2) A major business partner of the Company and/or its group companies means a person with whom the total amount of the Company and/or its group companies' transactions with the relevant business partner in each applicable fiscal year exceeds

10 million yen per fiscal year or 2% of the Company's consolidated net sales for the relevant fiscal year, whichever is higher.

(Note 3) A large sum of money or other payment means that the total amount of money or other payment exceeds 10 million yen in the case of an individual, or 10 million yen or 2% of consolidated sales or total revenue in the case of an organization, whichever is higher, per fiscal year.

(Note 4) A large sum of donation is a donation whose total amount exceeds 5 million yen in the case of an individual, or 5 million yen or 1% of consolidated sales or total revenue in the case of an organization, whichever is higher, per fiscal year.

The following chart shows the expertise in knowledge, experience and capability possessed by each of the candidates for Directors of the Company:

	Corporate Management	Global Business	Organizational Management & HR Development	ESG & Sustainability	Marketing & Sales	Finance & Accounting	Legal Affairs & Risk Management	DX & IT-Digital
Directors								
Mr. Kazumasa Kobayashi	•	•	•	•	•			
Mr. Akihiro Kobayashi	•	•	•	•	•			•
Mr. Satoshi Yamane			•	•		•	•	•
Mr. Kunio Ito			•	•		•	•	•
Ms. Kaori Sasaki	•	•	•	•	•			•
Ms. Chiaki Ariizumi			•			•	•	•
Mr. Yoshiro Katae		•	•	•			•	

CONSOLIDATED BALANCE SHEETS

(As of December 31, 2022)

(Unit: millions of yen)

Item	105th	104th (reference)	Item	105th	104th (reference)
Assets			**Liabilities**		
Current Assets	**172,892**	**181,889**	**Current Liabilities**	**51,809**	**50,703**
Cash and Deposits	96,233	95,024	Notes and Accounts Payable-Trade	9,051	9,293
Notes and Accounts Receivable-Trade	47,881	55,169	Electronically Recorded Obligations-Operating	9,005	8,151
Securities	8,300	14,022	Short-Term Loans Payable	—	1
Inventories	17,679	15,108	Other Accounts Payable	20,409	21,187
Other	2,825	2,587	Lease Obligations	261	169
Allowance for Doubtful Accounts	(28)	(22)	Income Taxes Payable	3,987	3,836
			Accrued Consumption Taxes	921	639
			Provision for Bonuses	2,553	2,486
			Other	5,619	4,936
Non-Current Assets	**82,934**	**70,664**	**Non-Current Liabilities**	**6,118**	**6,250**
Property, Plant and Equipment	**34,778**	**22,524**	Lease Obligations	531	460
Buildings and Structures	9,507	8,158	Deferred Tax Liabilities	1,310	1,564
Machinery, Equipment and Vehicles	5,361	5,055	Retirement Benefit Liability	2,034	1,978
Land	4,703	4,695			
Leased Assets	771	608	Other	2,242	2,247
Construction in Progress	12,982	2,555			
Other	1,453	1,450			
Intangible Assets	**13,307**	**12,658**			
Goodwill	7,147	7,189	**Total Liabilities**	**57,927**	**56,954**
Trademark Rights	3,274	3,721	**Net Assets**		
Other	2,884	1,746	**Shareholders' Equity**	**183,775**	**184,461**
Investments and Other Assets	**34,848**	**35,482**	Common Stock	3,450	3,450
Investments Securities	28,509	29,466	Capital Surplus	522	4,183
Long-Term Loans Receivable	975	816	Retained Earnings	194,285	200,534
Deferred Tax Assets	1,750	1,489	Treasury Stock	(14,482)	(23,706)
Investment Properties	2,707	2,735	**Accumulated Other Comprehensive Income**	**13,864**	**11,085**
Other	1,932	1,840			
Allowance for Doubtful Accounts	(1,026)	(866)	Valuation Difference on Available-for-Sale Securities	10,346	10,953
			Foreign Currency Translation Adjustment	4,352	1,166
			Re-measurements of Defined Benefit Plans	(834)	(1,034)
			Stock Acquisition Rights	**260**	**53**
			Total Net Assets	**197,900**	**195,600**
TOTAL ASSETS	**255,827**	**252,554**	**TOTAL LIABILITIES AND NET ASSETS**	**255,827**	**252,554**

Note: Any amount less than ¥1 million is rounded down.

CONSOLIDATED STATEMENTS OF INCOME

(From January 1, 2022 to December 31, 2022)

(Unit: millions of yen)

Item	105th	104th (reference)
Net Sales	**166,258**	**155,252**
Cost of Sales	**73,927**	**66,478**
Gross Profit	**92,331**	**88,773**
Selling, General and Administrative Expenses	**65,662**	**62,707**
Operating Income	**26,669**	**26,065**
Non-Operating Income	**2,011**	**2,390**
Interest Income	85	131
Dividend Income	493	457
Rental Income from Real Estate	300	300
Foreign Exchange Gains	231	481
Compensation Income	400	600
Other	501	419
Non-Operating Expenses	**399**	**441**
Interest Expense	18	18
Rental Costs on Real Estate	99	128
Provision of Allowance for Doubtful Accounts	163	116
Non-Deductible Consumption Taxes	48	—
Other	68	177
Ordinary Income	**28,281**	**28,015**
Extraordinary Income	**56**	**153**
Gain on Sales of Property, Plant and Equipment	3	1
Gain on Sales of Investment Securities	44	1
Gain on Sales of Shares of Affiliates	—	150
Insurance Claim Income	8	—
Extraordinary Loss	**387**	**531**
Loss on Sales and Retirement Property, Plant and Equipment	55	71
Impairment Losses	69	309
Loss on Valuation of Investment Securities	133	67
Business Structure Improvement Expenses	85	—
Other	43	82
Income Before Income Taxes	**27,950**	**27,636**
Income Taxes Current	8,260	7,923
Income Taxes Deferred	(332)	(2)
Total Income Taxes	7,927	7,920
Net Income	**20,022**	**19,715**
Net Income Attributable to Owners of Parent	**20,022**	**19,715**

Note: Any amount less than ¥1 million is rounded down.

BALANCE SHEETS

(As of December 31, 2022)

(Unit: millions of yen)

Item	105th	104th (reference)	Item	105th	104th (reference)
Assets			**Liabilities**		
Current Assets	**146,519**	**162,061**	**Current Liabilities**	**48,117**	**47,618**
Cash and Deposits	81,264	85,499	Trade Notes Payable	684	873
Trade Notes Receivable	17	20	Trade Accounts Payable	14,962	14,500
Trade Accounts Receivable	41,200	48,362	Electronically Recorded Obligations-operating	3,838	3,694
Securities	8,300	14,022			
Merchandise and Finished Goods	6,460	5,827	Short-Term Loans Payable to Affiliates	2,873	2,337
Work in Process	481	562			
Raw Materials and Supplies	1,569	1,462	Lease Obligations	48	49
Prepaid Expenses	615	630	Other Accounts Payable	17,269	18,531
Short-Term Loans Receivable from Affiliates	5,417	4,626	Accrued Expenses	1,113	810
Other	1,267	1,124	Income Taxes Payable	3,347	3,085
Allowance for Doubtful Accounts	(76)	(77)	Accrued Consumption Taxes	408	278
			Deposits Received	54	52
Non-Current Assets	**72,880**	**60,188**	Provision for Bonuses	1,836	1,790
Property, Plant and Equipment	**17,740**	**7,362**	Other	1,679	1,615
Buildings	2,371	2,590			
Structures	64	87	**Non-Current Liabilities**	**3,387**	**3,845**
Machinery, equipment and Vehicles	258	189	Security Deposits	472	464
Tools, Furniture and Fixtures	882	879	Lease Obligations	270	319
Land	2,942	2,942	Deferred Tax Liabilities	1,002	1,434
Leased Assets	303	352	Long-Term Accounts Payable	1,111	1,116
Construction in Progress	10,907	300	Provision for Retirement Benefits	126	108
Other	9	19	Other	403	403
Intangible Assets	**2,181**	**1,316**			
Software	2,144	1,278			
Other	36	37	**Total Liabilities**	**51,505**	**51,464**
			Net Assets		
Investments and Other Assets	**52,958**	**51,509**	**Shareholders' Equity**	**157,530**	**159,931**
Investment Securities	28,034	29,116	**Common Stock**	**3,450**	**3,450**
Shares of Affiliates	13,112	13,119	**Capital Surplus**	**522**	**4,183**
Contribution of Capital to Affiliates	7,436	3,580	Legal Capital Surplus	522	522
			Other Capital Surplus	—	**3,661**
			Retained Earnings	**168,041**	**176,004**
Long-Term Loans Receivable from Affiliates	1,777	2,816	Legal Retained Earnings	340	340
			Other Retained Earnings	167,701	175,664
			Reserve for Development	330	330
Long-Term Prepaid Expenses	113	436	General Reserve	152,073	161,092
Investment Properties	2,173	2,183	Retained Earnings Brought Forward	15,297	14,242
Other	1,693	1,620			
Allowance for Doubtful Accounts	(1,383)	(1,363)	**Treasury Stock**	**(14,482)**	**(23,706)**
			Valuation and Translation Adjustments	**10,103**	**10,800**
			Valuation Difference on Available-for-Sale Securities	**10,103**	**10,800**
			Share Acquisition Rights	**260**	**53**
			Total Net Assets	**167,895**	**170,785**
TOTAL ASSETS	**219,400**	**222,250**	**TOTAL LIABILITIES AND NET ASSETS**	**219,400**	**222,250**

Note: Any amount less than ¥1 million is rounded down.

STATEMENTS OF INCOME

(From January 1, 2022 to December 31, 2022)

(Unit: millions of yen)

Item	105th	104th (reference)
Net Sales	**132,167**	**129,585**
Cost of Sales	**60,652**	**59,221**
Gross Profit	**71,514**	**70,363**
Selling, General and Administrative Expenses	**50,262**	**50,056**
Operating Income	**21,252**	**20,307**
Non-Operating Income	**3,520**	**3,446**
Interest Income	85	169
Dividend Income	1,950	1,435
Rental Income from Real Estate	518	529
Rental Income from Other Assets	15	10
Foreign Exchange Gain	357	448
Compensation Income	400	600
Other	193	253
Non-Operating Expenses	**237**	**241**
Interest Expense	8	8
Rental Costs on Real Estate	155	158
Rental Costs on Other Assets	15	10
Provision of Allowance for Doubtful Accounts	23	29
Other	34	33
Ordinary Income	**24,535**	**23,512**
Extraordinary Income	**45**	**151**
Gain on Sales of Property, Plant and Equipment	0	0
Gain on Sales of Investment Securities	44	1
Gain on Sales of Shares in Affiliates	—	150
Extraordinary Loss	**245**	**424**
Loss on Sales and Retirement Property, Plant and Equipment	19	23
Impairment Losses	0	57
Loss on Valuation of Investment Securities	133	67
Loss on Valuation of Shares of Affiliates	85	—
Other	7	275
Income Before Income Taxes	**24,335**	**23,239**
Income Taxes Current	6,326	6,190
Income Taxes Deferred	(158)	12
Total Income Taxes	**6,167**	**6,202**
Net Income	**18,168**	**17,036**

Note: Any amount less than ¥1 million is rounded down.