Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities Code: 2929
October 1, 2024

To our shareholders:

Mujo Kim
Representative Director and President
Pharma Foods International Co., Ltd.
1-49, Goryo-Ohara, Nishikyo-ku, Kyoto-shi

Notice of the 27th Annual General Meeting of Shareholders

We are pleased to announce the 27th Annual General Meeting of Shareholders of Pharma Foods International Co., Ltd. (the "Company"), which will be held as indicated below.

This meeting shall be a general meeting of shareholders without a designated location for the meeting (held online only via the Internet), as described in the Company's Articles of Incorporation.

The notice of convocation for this meeting shall be provided in electronic format and the measures for providing information in electronic format shall be posted on the following website under "Notice of the 27th Annual General Meeting of Shareholders."

Company website (IR Library, IR documents)
https://www.pharmafoods.co.jp/ir/library/docs-4 (in Japanese)

TSE website (Listed Company Search):
https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show (in Japanese)

(To view, access the TSE website listed above, then enter either the Company name "Pharma Foods International" or securities code (2929) and click "Search." Next, click "Basic information" and then choose "Documents for public inspection/PR information." Under "Filed information available for public inspection," click "Click here for access" under "[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].")

If you cannot attend, have difficulty using the Internet, or if connection errors, etc. prevent you from attending, exercise voting rights in advance either via the Internet or in writing (by Wednesday, October 23, 2024, at 6:00 p.m.) (Japan Standard Time).

1. Date and Time: Thursday, October 24, 2024, at 10:00 a.m. (Japan Standard Time)
(Live streaming start time: 9:30 a.m.)

2. Venue: The meeting will be held as an entirely virtual general meeting of shareholders.
*** The meeting is being held completely online, so there is no venue to visit in person.**

3. Purpose of the Meeting:

Matters to be reported:

1. The Business Report and the Consolidated Financial Statements for the 27th fiscal year (from August 1, 2023 to July 31, 2024), and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Board
2. Non-consolidated Financial Statements for the 27th fiscal year (from August 1, 2023 to July 31, 2024)

Matters to be resolved:

Company proposals (Proposal No. 1 to Proposal No. 6)

Proposal No. 1 Appropriation of Surplus
Proposal No. 2 Amendment to the Articles of Incorporation
Proposal No. 3 Election of Nine Directors
Proposal No. 4 Revision of Remuneration to Directors
Proposal No. 5 Revision of Remuneration for Allotting Restricted Shares to Directors
Proposal No. 6 Provision of Retirement Allowance to Retiring Directors

Shareholder proposals

Proposal No. 7 Appropriation of Surplus

4. Other

(1) The Internet shall be used to transmit information involved in meeting proceedings.

(2) If the proposals on a voting form are not marked as approved or disapproved, it shall be treated as an indication of approval for the Company proposals and disapproval for the shareholder proposals.

(3) If a shareholder casts their vote by exercising their voting rights in advance either via the Internet or in writing (postal mail) and then also exercises their voting rights at the meeting via the Internet, the vote cast in the meeting shall be used. If, however, voting rights are not exercised at the meeting, then the vote cast in advance either via the Internet or in writing (postal mail) shall be used.

(4) The handling of multiple voting rights being exercised is as follows:

- If a shareholder exercises their voting rights in duplicate both via the Internet and in writing (postal mail), the vote cast via the Internet shall be deemed valid.
- In addition, if a shareholder casts their vote via the Internet multiple times, then only the last vote cast shall be deemed valid.

(5) Paper-based documents stating Electronic Provision Measures Matters are sent to shareholders who have requested the delivery of paper-based documents, however those documents do not include the following matters in accordance with the provisions of laws and regulations and Article 14 of the Company's Articles of Incorporation.

1) Notes to Consolidated Financial Statements

2) Notes to Non-consolidated Financial Statements

Accordingly, the Consolidated Financial Statements, and Non-consolidated Financial Statements included in this document are a part of the documents that were audited by the Financial Auditor in preparing the independent audit report and by the Audit & Supervisory Board Members in preparing the audit report.

(6) If revisions to any of the measures for providing information in electronic format are required, such revisions shall be listed on the Company's website and TSE website on page 1.

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Information

Company proposals (Proposal No. 1 and Proposal No. 6)

Proposal No. 1 Appropriation of Surplus

The Company proposes the appropriation of surplus as follows:

Year-end dividends

In line with the business policy, which is to balance corporate growth and profitability, the Company maintains the basic policy of improving dividends proactively as returns to our shareholders while expanding proactive investment in research and development, advertising, M&A, etc.

According to our above basic policy on dividends of surplus, etc., after careful consideration of our financial results in the current fiscal year, we have decided to pay ¥15 per share as year-end dividends in the current fiscal year.

(1) Type of dividend property

Cash

(2) Allotment of dividend property and their aggregate amount

¥15 per common share of the Company
Total dividends: ¥421,083,495

Furthermore, the amount of annual dividends for the current fiscal year is ¥25 per share with the inclusion of the interim dividend (¥10 per share) paid on April 2, 2024.

(3) Effective date of dividends of surplus

October 28, 2024

Proposal No. 2 Amendment to the Articles of Incorporation

1. Reasons for Proposal

   The Company proposes to add business purposes to Article 2 of the current Articles of Incorporation (Purpose) to clarify the content of business and respond to the diversification of the content of business in line with the current condition of the Company's business.

2. Contents of amendment

   The contents of the amendment are as follows:

Current Articles of Incorporation	Proposed amendment
(Purpose)	(Purpose)
Article 2	Article 2
The Company's purpose is to conduct the following businesses.	(Unchanged)
(1) to (9) (Text omitted)	(1) to (9) (Unchanged)
(New)	(10) Research and development, manufacture, sale, export and import of fibers and fiber products
(New)	(11) Research and development, manufacture, sale, export and import of battery materials
(10) to (23) (Text omitted)	(12) to (25) (Unchanged)

Proposal No. 3 Election of Nine Directors

The terms of office of all nine Directors will expire at the conclusion of this meeting.

Therefore, the Company proposes the election of nine Directors, including four Outside Directors, with the aim of achieving more flexible decision-making by the Board of Directors and strengthening corporate governance.

The candidates for Director are as follows:

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company</th><th>Number of the Company's shares owned</th></tr>
<tr><td rowspan="2">1</td><td rowspan="2">Mujo Kim
(August 6, 1947)</td><td>Jan. 1988</td><td>Joined Taiyo Kagaku Co., Ltd.</td><td rowspan="2">2,195,350</td></tr>
<tr><td colspan="2">Nov. 1988 Research Laboratory Director
Jan. 1991 Managing Director
June 1997 Retired from Taiyo Kagaku Co., Ltd.
Sep. 1997 Joined the Company
Mar. 1998 Professor of College of Life Science & Engineering of Korea University
Nov. 1999 Representative Director and President of the Company (current position)
Dec. 1999 Retired as Professor of College of Life Science & Engineering of Korea University</td></tr>
<tr><td></td><td colspan="4">[Reasons for nomination as candidate for Director]
Since the founding of the Company, Mujo Kim has promoted the business expansion, globalization and structural reform of the Group. Based on the determination that he will continue to be able to realize the Company's management philosophy and execute its business strategy in future, we propose his re-election as Director.</td></tr>
<tr><td rowspan="3">2</td><td rowspan="2">Kazuyuki Masuda
(July 8, 1976)</td><td>Dec. 2003</td><td>Joined the Company, Manager of Sales Department</td><td rowspan="2">715,994</td></tr>
<tr><td colspan="2">Oct. 2008 Director, General Manager of Sales Department and General Manager of Kyoto Sales Office
Aug. 2012 Director, in charge of B to C Business Department
Jan. 2016 Managing Director
Oct. 2019 Senior Managing Director (current position)
Aug. 2021 Representative Director and President of Meiji Yakuhin Co., Ltd. (current position)
Feb. 2023 Representative Director and President of FUTURE LABO Inc. (current position)
Feb. 2023 Representative Director and President of MEDI LABO Inc. (current position)
Oct. 2023 In charge of supervising the Company's Group Management and B to C Business (current position)
July 2024 Representative Director and President of Pharma Foods Communication Inc. (current position)
(Significant concurrent positions outside the Company)
Representative Director and President of Meiji Yakuhin Co., Ltd.
Representative Director and President of FUTURE LABO Inc.
Representative Director and President of MEDI LABO Inc.
Representative Director and President of Pharma Foods Communication Inc.</td></tr>
<tr><td colspan="4">[Reasons for nomination as candidate for Director]
Since joining the Company, Kazuyuki Masuda has been involved in sales and development of new business, and was appointed as Director in October 2008. As the overall supervisor of the B to C business, he has overseen the launch of the business and striven to grow and expand the business. Currently, as Senior Managing Director, he is in charge of supervising the Company's Group Management and B to C Business. Based on the determination that he will continue to be able to realize the Company's management philosophy and execute its business strategy in future, we propose his re-election as Director.</td></tr>
</table>

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<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company</th><th>Number of the Company’s shares owned</th></tr>
<tr><td rowspan="2">3</td><td rowspan="2">Yasunori Inoue
April 8, 1977</td><td>Feb. 2016</td><td>Joined the Company</td><td rowspan="2">24,643</td></tr>
<tr><td>Aug. 2016
Nov. 2016
Mar. 2017
Aug. 2018
Oct. 2019
Feb. 2020
Oct. 2020
Oct. 2020
Aug. 2021
Oct. 2023
July 2024
Aug. 2024</td><td>Manager of B to C Business Department
Deputy General Manager of B to C Business Department
Managing Director of FUTURE LABO Inc.
General Manager of Cosmetics B to C Business Department of the Company
Director
In charge of B to C Business Department
Managing Director
Representative Director and President of FUTURE LABO Inc.
Senior Managing Director of Meiji Yakuhin Co., Ltd.
Director, in charge of Tokyo Sales of the Company
In charge of Sales, General Manager of Global Business Division
Director, in charge of Sales Division, General Manager of Sales Division, and General Manager of Global Business Department (current position)</td></tr>
<tr><td colspan="4">[Reasons for nomination as candidate for Director]
Since joining the Company, Yasunori Inoue has been involved in the B to C business, and has promoted the expansion of sales of cosmetics in FUTURE LABO Inc. since November 2016. He has been overseeing the cosmetics business as the Representative Director and President of FUTURE LABO Inc. since October 2020. Currently, he is in charge of the Sales Division, overseeing sales of functional materials and functional products. Based on the determination that he will be able to realize the Company’s management philosophy and execute its business strategy, we propose his re-election as Director.</td></tr>
<tr><td rowspan="2">4</td><td rowspan="2">Yong-il Kim
(January 22, 1981)</td><td>Apr. 2011
Sep. 2012
Nov. 2014
Jan. 2021
Aug. 2022
Oct. 2023</td><td>Postdoctoral fellow, Graduate School of Agriculture, Kyoto University
Postdoctoral fellow, School of Medicine, University of California San Francisco
Joined ROHTO Pharmaceutical Co., Ltd.
Joined the Company
Deputy General Manager of Development Department
General Manager of Development Department
Director, in charge of R&D (current position)</td><td>661,578</td></tr>
<tr><td colspan="4">[Reasons for nomination as candidate for Director]
Yong-il Kim has worked to advance research and development within the Group while simultaneously leading initiatives to develop new business aimed at medium- and long-term growth. Based on the determination that he is committed to embodying the Company’s management philosophy and striving to implement research and development strategies, and strengthen governance, we deem him capable of realizing the Company’s management philosophy and executing business strategy and are nominating him as a candidate for Director.</td></tr>
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<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company</th><th>Number of the Company's shares owned</th></tr>
<tr><td rowspan="2">5</td><td>Hirotaka Higashiyama
(September 7, 1975)</td><td colspan="2">Dec. 2018 Joined the Company
Manager of Accounting Section of Administration Department
Aug. 2020 General Manager of President's Office
Apr. 2022 General Manager of Biomedical Department (current position)
July 2022 Representative Director of PF Capital Co., Ltd. (current position)
Aug. 2022 General Manager of Quality Control and Quality Assurance Department of the Company
Oct. 2023 Director, in charge of Administration Department (current position)
(Significant concurrent positions outside the Company)
Representative Director of PF Capital Co., Ltd.</td><td>2,578</td></tr>
<tr><td colspan="4">[Reasons for nomination as candidate for Director]
Since joining the Company, Hirotaka Higashiyama has been involved in operations of the Administration Division such as accounting, M&A and internal audits, and also has experience serving as the person responsible for the Biomedical Department and Quality Control and Quality Assurance Department. Based on the determination that he is committed to embodying a management philosophy and striving to implement business strategies and strengthen governance, we deem him capable of realizing the Company's management philosophy and executing business strategy and are nominating him as a candidate for Director.</td></tr>
<tr><td rowspan="2">6</td><td>[Outside]
Shinya Samura
(May 9, 1955)</td><td colspan="2">Apr. 1978 Joined Nissen Co., Ltd.
Mar. 1986 Director and General Manager of Catalog Division, B to C Business Department
June 2008 Representative Director and President
Dec. 2011 Representative Director and President of Nissen Holdings Co., Ltd.
Dec. 2014 Retired as Representative Director and President of Nissen Holdings Co., Ltd. and Nissen Co., Ltd.
Apr. 2015 Representative Director and President of SS Planning Co., Ltd. (current position)
Oct. 2015 Director of the Company (current position)
(Significant concurrent positions outside the Company)
Representative Director and President of SS Planning Co., Ltd.</td><td>19,000</td></tr>
<tr><td colspan="4">[Reasons for nomination as candidate for outside Director and outline of roles expected]
Shinya Samura has mainly been involved in mail order sales business for many years in Nissen Holdings Co., Ltd. and Nissen Co., Ltd. Based on his abundant knowledge and experience, we believe that he will provide advice on the Company's B to C business, and play a role in the Company's management in general as Director from an outside perspective. Therefore, we propose his re-election as outside Director.</td></tr>
</table>

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<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company</th><th>Number of the Company's shares owned</th></tr>
<tr><td rowspan="2">7</td><td>[Outside]
Tetsuro Yamane
(February 28, 1949)</td><td>May 1974
Apr. 1976
Apr. 1982
Apr. 1988
June 1995
Dec. 2004
Apr. 2006
Apr. 2013
Oct. 2018
Mar. 2020
Mar. 2020
Apr. 2020
(Significant concurrent positions outside the Company)
Honorary Director of Panasonic Health Insurance Organization Matsushita Memorial Hospital</td><td>Resident Doctor of Kyoto Prefectural University of Medicine
Technical Official in Ministry of Health, Labour and Welfare of National Sabae Hospital (currently Tannan Regional Medical Center)
Director of General Surgery Department of Kusatsu Central Hospital (currently Omi Medical Center)
Lecturer of Kyoto Prefectural University of Medicine
Chief Surgeon of Matsushita Electric Health Insurance Organization Matsushita Memorial Hospital (currently Panasonic Health Insurance Organization Matsushita Memorial Hospital)
Hospital Director
Clinical Professor of Kyoto Prefectural University of Medicine
President of Panasonic Health Insurance Organization Matsushita School of Nursing
Director of the Company (current position)
Retired as Hospital Director of Panasonic Health Insurance Organization Matsushita Memorial Hospital
Retired as President of Panasonic Health Insurance Organization Matsushita School of Nursing
Honorary Director of Panasonic Health Insurance Organization Matsushita Memorial Hospital (current position)</td><td>–</td></tr>
<tr><td colspan="4">[Reasons for nomination as candidate for outside Director and outline of roles expected]
Tetsuro Yamane has abundant experience and extensive knowledge as a physician, and has also managed Matsushita Memorial Hospital as Hospital Director. We propose his re-election as outside Director because he is expected to be able to provide valuable advice for drug discovery research and development in the biomedical business from a medical viewpoint, and offer suggestions on the Company's management from a variety of perspectives, and perform management supervisory functions.</td></tr>
<tr><td rowspan="2">8</td><td>[Outside]
Taro Ueda
(February 18, 1960)</td><td>Apr. 1985
Apr. 1995
Apr. 2002
Apr. 2016
Dec. 2020
Oct. 2021</td><td>Joined KOBAYASHI PHARMACEUTICAL CO., LTD.
Manager of Pharmaceutical and Cosmetic Products Planning and Research Group
General Manager of Pharmaceutical and Cosmetic Products Development Department
General Manager of Development Department of Central R&D Laboratory
Retired from KOBAYASHI PHARMACEUTICAL CO., LTD.
Director of the Company (current position)</td><td>–</td></tr>
<tr><td colspan="4">[Reasons for nomination as candidate for outside Director and outline of roles expected]
Taro Ueda played a central role in product development and marketing over many years at KOBAYASHI PHARMACEUTICAL CO., LTD. Based on his abundant knowledge and experience, we believe that he will provide advice on the Company's product development, offer suggestions on the Company's management from an outside perspective, and perform management supervisory functions. Therefore, we propose his re-election as outside Director.</td></tr>
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<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company</th><th>Number of the Company’s shares owned</th></tr>
<tr><td rowspan="2">9</td><td>[New election]
[Outside]
Yukako Hayashi
(March 16, 1962)</td><td colspan="2">Apr. 1990 Assistant at Research Institute for Food Science, Kyoto University
Mar. 1995 Visiting Scientist of Monell Chemical Senses Center
July 1999 Visiting Scientist of School of Medicine, University of Colorado
Apr. 2001 Assistant at Graduate School of Agriculture, Kyoto University
Oct. 2002 Lecturer
Apr. 2005 Assistant Professor
Apr. 2007 Associate Professor
Oct. 2024 Professor (current position)
(Significant concurrent positions outside the Company)
Professor at Graduate School of Agriculture, Kyoto University</td><td>–</td></tr>
<tr><td colspan="4">[Reasons for nomination as candidate for outside Director and outline of roles expected]
Yukako Hayashi has abundant experience and broad insight as a researcher of many years. We believe that she will provide advice on improving the Company’s quality of research and on constructing systems for enabling women to play an active role, offer suggestions on the Company’s management from an outside perspective, and perform management supervisory functions. Therefore, we propose her election as outside Director.</td></tr>
</table>

Notes:
1. There is no special interest between each of the candidates and the Company.
2. Candidate Kazuyuki Masuda and Yong-il Kim are within the second degree of kinship of the Company’s Representative Director and President Mujo Kim.
3. Shinya Samura, Tetsuro Yamane, Taro Ueda, and Yukako Hayashi are candidates for outside Director.
4. At the conclusion of this Annual General Meeting of Shareholders, the terms of office of currently serving outside Directors will be nine years for Shinya Samura, six years for Tetsuro Yamane, and three years for Taro Ueda.
5. The Company has invited each of the candidates for outside Director on the assumption that they each fulfill the independence criteria established by financial instruments exchanges.
6. The Company plans to submit notification to the Tokyo Stock Exchange that Shinya Samura, Tetsuro Yamane, Taro Ueda, and Yukako Hayashi have been designated as independent officers as provided for by the aforementioned exchange.
7. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The policy covers the legally mandated amount of indemnification and litigation expenses incurred from claims for damages arising from acts (including nonfeasance) carried out by the insured at a certain position of the Company, including as Directors of the Company (however, excluding situations in which there is an exclusion of liability due to the insured person receiving profits or benefits illegally and in the event of criminal actions, malfeasance, fraud, or acts conducted with the knowledge that they violate rules or control laws and regulations). In the event that each candidate is elected and assumes the office as Director, they will be the insured under the policy. Furthermore, the next time that the policy is renewed, the plan is to renew them with the same contents.

Proposal No. 4 Revision of Remuneration to Directors

At the 21st Annual General Meeting of Shareholders held on October 24, 2018, it was resolved that the amount of remuneration for directors of the Company shall be no more than ¥200 million per year (including no more than ¥30 million for outside Directors), and this amount has remained unchanged to this day. Considering changes in economic conditions since then and various circumstances, including strengthening corporate governance, the Company proposes to change the amount of remuneration for Directors to ¥300 million per year (including up to ¥30 million for outside Directors). In addition, the amount of remuneration for Directors will not include the employee salaries of Directors concurrently serving as employees, as has been the case in the past.

The Board of Directors decided upon this proposal via a review by the Nomination and Compensation Committee and has deemed it appropriate after comprehensively considering the size of the Company's business, the remuneration system for Directors and payment levels, the number of current Directors and the future outlook.

The current number of directors is nine (including three outside Directors). Still, if Proposal No. 3 is approved and passed as proposed, the number of directors will be nine (including four outside Directors).

Proposal No. 5 Revision of Remuneration for Allotting Restricted Shares to Directors

With the aim of sharing the benefits and risks of share price fluctuations between shareholders and Directors (excluding outside Directors) of the Company and giving them more incentives to drive share price higher and increase corporate value, the Company has requested approval to allot the Company's common shares subject to provisions including those concerning the Transfer Restriction Period (to be defined later) and those concerning justifiable reasons for the Company to acquire the shares without contribution (hereinafter "Restricted Shares") to Directors (excluding outside Directors) of the Company at the 24th Annual General Meeting of Shareholders held on October 20, 2021, and such approval has been given.

Now, with the aim of sharing the benefits and risks of share price fluctuations between shareholders and Directors of the Company and giving them more incentives to drive the share price higher and increase corporate value, and in light of the increase in the number of directors, the Company is requesting an increase in the amount of the Restricted Share Remuneration.

Therefore, in light of changes in the Company's share price and other businesses, the Company proposes to change the total amount of monetary remuneration claims to be paid to Directors (excluding outside Directors) as remuneration, etc. related to the Restricted Shares from "not exceeding ¥150 million per year" to "not exceeding ¥200 million per year" for each fiscal year and the total number of the Restricted Shares to be allotted for each fiscal year from "60,000 shares per year" to "200,000 shares per year."

In light of the increased mobility of management personnel within our Group, the Company requests that the condition for lifting the restriction on transfer be changed from "holding the position of Director of the Company" to "holding the position of Executive Director, Executive Officer or General Manager of either the Company or its subsidiary" continuingly.

Additionally, the allotment of Restricted Shares has been determined based on a comprehensive consideration of the contribution levels of Directors of the Company and other matters, and the maximum number of Restricted Shares allotted in each fiscal year stipulated in 2. below makes up approximately 0.69% of total issued shares (if the above maximum number of Restricted Shares are issued over ten years, they will make up approximately 6.9% of total issued shares). Because the dilution rate is minimal, we believe that these limits are reasonable.

At a meeting of the Company's Board of Directors held on September 21, 2021, the Board of Directors established a policy to decide the details of the individual remuneration paid to Directors, a summary of which is provided in the Business Report. The allotment of Restricted Shares based on this proposal follows that policy.

Furthermore, currently the number of Directors of the Company is nine (including three outside Directors), and if Proposal No. 3 is approved, the number of Directors will be nine (including four outside Directors).

Except for the above revisions, there is no change to the content of the matters initially resolved, but the revised plan will be as follows: (Underlined parts indicate changes.)

The specific details and upper limit on the number of Restricted Shares for Directors of the Company

1. Allotment and payment for Restricted Shares

   In accordance with a resolution of the Company's Board of Directors, the Directors (excluding outside Directors) of the Company shall receive monetary remuneration claims within the aforementioned annual amount related to Restricted Share-based remuneration, and each Director shall receive the allotment of Restricted Shares by providing all of the monetary remuneration claims in the form of property contributed in kind.

   The amount to be paid in for the Restricted Shares shall be based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately before each date of resolution of the Company's Board of Directors (if there is no closing price on such date, the closing price on the closest preceding trading day) pertaining to such issue or disposal, and shall be determined by the Company's Board of Director to the extent that the amount will not be particularly advantageous for Directors receiving the Restricted Shares.

   Furthermore, the aforementioned monetary remuneration claims shall be provided to Directors (excluding outside Directors) of the Company on the condition that they have agreed to the above payment of property contributed in kind, and have concluded an agreement on the allotment of Restricted Shares which includes the provisions stipulated in 3. below.

2. Total number of Restricted Shares

The maximum number of Restricted Shares allotted in each fiscal year to Directors (excluding outside Directors) of the Company shall be no more than 200,000 shares.

However, after the day that this proposal is resolved, if there is a split of the Company's common shares (including an allotment without contribution of the Company's common shares) or a share merger, or another similar event which makes it necessary to adjust the total number of Restricted Shares allotted, the total number of Restricted Shares may be adjusted within reason.

3. Provisions of the agreement on the allotment of Restricted Shares

In accordance with a resolution by the Company's Board of Directors, the agreement on the allotment of Restricted Shares to be concluded between the Company and Directors receiving an allotment of Restricted Shares shall include the following provisions.

(1) Definitions of Transfer Restriction

Directors who have received an allotment of Restricted Shares may not transfer to a third party, create a pledge, create a transfer security interest, an inter vivos gift, bequest, or otherwise dispose in any way (hereinafter the "Transfer Restriction") of the Restricted Shares allotted to the Directors (hereinafter the "Allotted Shares") for a period of three years or more as determined by the Company's Board of Directors (hereinafter the "Transfer Restriction Period").

(2) Acquisition of Restricted Shares without contribution

In the event that a Director who has received an allotment of the Restricted Shares retires from his or her position as Director of the Company (Executive Director, Executive Officer, or General Manager of the Company or its subsidiary) before the expiration of the Transfer Restriction Period, the Company shall acquire the Allotted Shares without contribution, unless there is a reason recognized legitimate by the Company's Board of Directors.

Also, if there are any Allotted Shares for which the Transfer Restrictions have not been lifted in accordance with the provisions on reasons for the lifting of the Transfer Restrictions stipulated in (3) below at the time that the Transfer Restriction Period stipulated in (1) above has ended, the Company shall acquire these Allotted Shares without contribution.

(3) Lifting of the Transfer Restriction

(i) Restricted Shares I

The Company will lift the Transfer Restriction on all Allotted Shares at the point when the Transfer Restriction Period is completed and on the condition that the Director who has received an allotment of Restricted Shares has continuously maintained one of the positions of Director (Executive Director, Executive Officer or General Manager of the Company or its subsidiary) of the Company during the Transfer Restriction Period.

(ii) Restricted Shares II

The Company will lift the Transfer Restriction on all or some of the Allotted Shares at the point when the Transfer Restriction Period is completed based on the levels of achievement of performance targets established prior at a meeting of the Company's Board of Directors, including the level of achievement of the net sales growth rate, which is a performance target in the Company's medium-term management plan, and other indicators, and on the condition that the Director who has received an allotment of Restricted Shares has continuously maintained one of the positions of Director (Executive Director, Executive Officer or General Manager of the Company or its subsidiary) of the Company during the Transfer Restriction Period.

If, however, the Director has retired from any of the positions of Director (Executive Director, Executive Officer, or General Manager of the Company or its subsidiary) of the Company before expiration of the Restriction Period for a reason the Company's Board of Directors deems justifiable, the Company shall make reasonable adjustments to the number of the Allotted Shares for which the Transfer Restrictions are to be lifted and the schedule to lift the Transfer Restrictions as necessary.

(4) Treatment during reorganization, etc.

If, during the Transfer Restriction Period, matters relating to a merger agreement in which the Company is the dissolving company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or some other reorganization, etc. are approved at the Company's General

Meeting of Shareholders (or, in the case where the approval at the Company's General Meeting of Shareholders is not required in relation to the reorganization, etc. in question, at a meeting of the Company's Board of Directors), by resolution of the Company's Board of Directors, the Company shall lift the Transfer Restrictions for the number of Allotted Shares determined rationally based on the period from the Transfer Restriction Period start date until the date on which the reorganization, etc. are approved, prior to the date on which the reorganization, etc. becomes effective.

In this event, the Company shall acquire without contribution the Allotted Shares for which the Transfer Restrictions have not been lifted at the time immediately following the lifting of the Transfer Restrictions based on the above stipulation.

4. Performance-linked stock remuneration scheme

(1) Restricted Shares I

The number of Restricted Shares to be allotted shall be determined only upon achievement of the initial performance targets for net sales and operating profit for the fiscal year immediately prior to the fiscal year in which the Restricted Shares are to be allotted, while comprehensively taking into consideration various matters such as the degree of contribution of Directors to the Company.

(2) Restricted Shares II

Regarding the level of achievement of the Company's net sales growth rate indicator, which is a performance target of the medium-term management plan, and other targets in the fiscal year immediately prior to the fiscal year when the Transfer Restriction Period is completed, the number of shares for which the Transfer Restriction is lifted is decided based on the levels of achievement of performance targets established prior at a meeting of the Company's Board of Directors.

(Reference) Allotment of Restricted Shares to Directors of subsidiaries of the Company

After the conclusion of this General Meeting of Shareholders, the Company plans to allot the Restricted Shares similar to the above Restricted Shares to Directors of the subsidiaries.

Proposal No. 6 Provision of Retirement Allowance to Retiring Directors

Since Director Noriko Horie's term of office will expire at the conclusion of this General Meeting of Shareholders, the Company proposes to pay her retirement allowance within a reasonable amount in accordance with the Company's prescribed standards to reward her efforts during her term of office and requests that the Board of Directors determine the specific timing, method, etc. of such payment.

The retirement allowance is to be presented in appreciation of the efforts made to improve the company's business performance and corporate value. The amount is calculated based on the criteria for position, years in office, etc. It is reported to the Board of Directors after consultation by the Nomination and Compensation Committee. Therefore, the Company believes that the contents of this proposal are appropriate.

The amount of the retirement allowance will be appropriated from the cancellation refund of the term insurance policy insured by the Director concerned.

The amount of retirement allowance and career summary of the retiring Director are as follows.

Name	Amount	Career summary	
Noriko Horie	¥10 million	Oct. 2000	Joined the Company
		June 2011	Director
		Jan. 2016	Managing Director
		Oct. 2023	Director (current position)

Shareholder proposals (Proposal No. 7)

Proposal No. 7 was submitted by a (one) shareholder.

This shareholder submitted seven proposals, but only those that satisfied the requirements for submission as a proposal for the general meeting of shareholders were made into proposals (Proposal No. 7).

The details of the proposal and the reasons for said proposal are listed in full.

The shareholder making the proposals possesses 676 voting rights (0.23% of shareholder voting rights). The appropriation of surplus from Shareholder Proposal No. 7 is an alternative proposal to the appropriation of surplus set forth in Company Proposal No. 1 and the two proposals are incompatible. Therefore, please note that if you approve both proposals, then the voting rights exercised for Proposal No. 1 and Proposal No. 7 shall both be counted as denied.

● **Opinion from the Board of Directors regarding Proposals No. 7**

The Board of Directors opposes Proposals No. 7. The Board of Directors has determined that this proposal would not contribute to increasing either shareholder profits or corporate value.

Proposal No. 7 Appropriation of Surplus

Content of Proposal: Implementation of annual dividend of ¥50/share

Reasons for Proposal: To increase the amount of dividends for at least the next five years in order to restore shareholders' trust.

● **Opinion of the Board of Directors: <u>Opposed</u>**

[Reasons for Opposition] It interferes with management's plans to increase corporate value.

In the 5-year "Medium-Term Management Plan 2026" that began in July 2022, the Company proposed a 20% total payout ratio as a guide for its shareholder return policy, which includes the acquisition of treasury shares.

This policy was created to improve dividends, etc. proactively as returns to our shareholders while expanding proactive investment in research and development, new business, etc.

Combined with the Company proposal of ¥15 per share as year-end dividends (total dividends: ¥421 million), the amount of annual dividends for the current fiscal year is ¥25 per share. Along with the purchase of treasury shares implemented in January 2024, the target of 20% total payout ratio has been exceeded.

The shareholder proposal of ¥40 per share as year-end dividends, however, creates an additional ¥701 million cash outflow compared to the Company proposal for cash dividends as year-end dividends. If enacted, the total payout ratio would become 75.0% and hinder growth-centric investment aimed at increasing corporate value in the medium and long term.

Enacting the allotment of surplus in the shareholder proposal can only be seen as a short-term initiative and the Company has determined that it would not lead to increasing corporate value in the medium and long term.