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Securities code: 4931
December 4, 2024
(Start date of measures for electronic provision: November 27, 2024)

To Shareholders with Voting Rights:

Takahiro Goto
President & Representative Director of the Board
and Chief Executive Officer
Shinnihonseiyaku Co., Ltd.
1-4-7 Otemon, Chuo-ku, Fukuoka, Japan

NOTICE OF
THE 36TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

We would like to express our sincere gratitude for your continued support and patronage.

Please be informed that the 36th Annual General Meeting of Shareholders of Shinnihonseiyaku Co., Ltd. (the "Company") will be held as described below.

In convening this General Meeting of Shareholders, we have taken measures to electronically provide information that constitutes the content of the reference materials, etc. for the General Meeting of Shareholders (items subject to measures for electronic provision), and accordingly posted such information on the Company website. Shareholders are kindly asked to access the following Company website to view the information.

The Company website: https://corporate.shinnihonseiyaku.co.jp/en/ir/ir_library/others

As the aforementioned items subject to measures for electronic provision are also posted on the website of the Tokyo Stock Exchange (TSE), please access the following TSE website (Listed Company Search page) and enter the issue name (Shinnihonseiyaku) or code (4931) for information search. Then please click "Basic information" and "Documents for public inspection/PR information" to view the information.

The Tokyo Stock Exchange website (Listed Company Search page):
https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show

If you are unable to attend this General Meeting of Shareholders in person, you can exercise you voting rights in writing (by mail) or via the Internet. Please exercise your voting rights by 5:50 p.m. Japan time, Wednesday, December 18, 2024.

1. **Date and Time:** Thursday, December 19, 2024 at 10:00 a.m. Japan time (reception begins at 9:30 a.m.)

2. **Place:** Saiun no Ma, 8th Floor, Solaria Nishitestu Hotel Fukuoka
2-2-43 Tenjin, Chuo-ku, Fukuoka, Fukuoka Prefecture, Japan

3. **Meeting Agenda**

Matters to be reported:
1. The Business Report and Consolidated Financial Statements for the Company's 36th Fiscal Year (October 1, 2023 to September 30, 2024) and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
2. Non-consolidated Financial Statements for the Company's 36th Fiscal Year (October 1, 2023 to September 30, 2024)

Proposals to be resolved:

Proposal 1:	Appropriation of Surplus
Proposal 2:	Election of Four (4) Directors of the Board (Excluding Directors of the Board Who Are Audit and Supervisory Committee Members)
Proposal 3:	Election of One (1) Substitute Director of the Board Who Is an Audit and Supervisory Committee Member
Proposal 4:	Determination of Amount of Compensation, etc. for Directors of the Board (Excluding Outside Directors and Directors of the Board Who Are Audit and Supervisory Committee Members) under the Performance-Based Stock Compensation System

Your cooperation is requested with respect to the following:
・If you need any assistance, including support with your wheelchair, guidance to your seat or the restroom, or communication in writing at reception, please inform the reception desk on the day of the meeting.
・If you attend the meeting in person, please submit the enclosed Exercise of Voting Rights Form at the reception desk.
・For this General Meeting of Shareholders, we will send a document containing the items subject to measures for electronic provision to all shareholders regardless of whether or not the delivery of a paper copy is requested.
・The following matters are posted on the websites given in the previous page in accordance with the provisions of laws and regulations and Article 15 of the Company's Articles of Incorporation, and are therefore not included in this Notice.

- Business Report: Systems to Ensure the Properness of Business Activities and the Outline of the Operation of the Systems, Basic Policy on Control of the Company
- Consolidated Financial Statements: Consolidated Statements of Changes in Net Assets, Notes to the Consolidated Financial Statements
- Non-consolidated Financial Statements: Statement of Changes in Net Assets, Notes to the Non-consolidated Financial Statements

These documents are part of the documents audited by Audit and Supervisory Committee and the Accounting Auditor when preparing their audit reports.

・If revisions are made to the items subject to measures for electronic provision, the revised content will be posted on the websites given in the previous page.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The Company proposes to appropriate surplus as follows.

Matters related to year-end dividends

The Company makes it a basic policy to distribute profits sustainably and stably in line with financial results after securing the internal reserves necessary for making investment for future business expansion and keeping financial stability.

In the fiscal year ended September 30, 2024, PERFECT ONE All-in-One Gel series, the Company's main products, were certified by Guinness World Records as having the world's No. 1 sales share in the facial moisturising gel category*. To express gratitude to its shareholders for their ongoing support, the Company proposes year-end dividends of ¥45 per share, which consist of an ordinary dividend of ¥35 and a commemorative dividend of ¥10.

* "Largest facial moisturising gel brand" (PERFECT ONE All-in-One Gel series, sales results from January to December 2022), according to TFCO Co., Ltd.

(1) Type of dividend property
Cash

(2) Matters related to allotment of dividend property and total amount
¥45.00 per share of the Company's common stock
(Ordinary dividend of ¥35 and commemorative dividend of ¥10)
Total dividend amount: ¥970,849,215

(3) Effective date of dividend of surplus
December 20, 2024

Proposal 2: Election of Four (4) Directors of the Board (Excluding Directors of the Board Who Are Audit and Supervisory Committee Members)

The terms of office of all five (5) Directors of the Board (excluding Directors of the Board who are Audit and Supervisory Committee Members; hereinafter the same applies in this proposal) will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company requests approval for election of four (4) Directors of the Board.

This proposal was discussed by the Audit and Supervisory Committee, and the Committee had no objections.

The candidates for Directors of the Board are as follows.

No.	Name	Gender	Current positions at the Company	Attendance at Board of Directors meetings Years in office as a Director
1	Takahiro Goto [Reappointment]	Male	President & Representative Director of the Board and Chief Executive Officer	100% (10/10) 19 years
2	Mitsuyoshi Fukuhara [Reappointment]	Male	Senior Managing Director of the Board and Chief Operating Officer	100% (10/10) 8 years
3	Sachiyo Yasuda [Reappointment] [Outside] [Independent]	Female	Director of the Board (part-time)	100% (7/7) 1 year
4	Asako Minamitani [New appointment] [Outside] [Independent]	Female	-	-

Notes:
1. There are no special interest relationships between the Company and any of the candidates.
2. Attendance records for Board of Directors meetings are for the meetings held during the fiscal year under review.
3. Ms. Sachiyo Yasuda and Ms. Asako Minamitani are candidates for Outside Director.
4. The name of Ms. Asako Minamitani on the family register is Asako Suetake.
5. Ms. Sachiyo Yasuda is currently an Outside Director of the Company. At the conclusion of this General Meeting of Shareholders, Ms. Sachiyo Yasuda will have served as Outside Director for one year.
6. The Company has registered Ms. Sachiyo Yasuda as an independent director in accordance with the rules of the Tokyo Stock Exchange. If the candidate is reappointed, the Company intends to maintain her registration as an independent director.
   If Ms. Asako Minamitani is appointed as proposed, the Company intends to register her as an independent director in accordance with the rules of the Tokyo Stock Exchange.
7. The Company has entered into a liability limitation agreement with Ms. Sachiyo Yasuda to limit her liability for damages stipulated under Article 423, Paragraph 1 of the Companies Act. The agreement limits liability to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act. If the candidate is reappointed as proposed, the Company intends to continue the aforesaid liability limitation agreement with her.
   If Ms. Asako Minamitani is appointed as proposed, the Company intends to enter into the same liability limitation agreement with her.
8. The Company has entered into a directors and officers liability insurance agreement (hereinafter, "D&O insurance") with an insurance company as stipulated in Article 430 (3), Paragraph 1 of the Companies Act. The agreement covers damage in the event where Directors of the Board, etc. assume liability for damages arising from the execution of duties (except in cases corresponding to the disclaimers stipulated in the agreement). If the candidates are elected as Directors of the Board and assume office, the Company intends to designate each Director of the Board as the person insured by D&O insurance. D&O insurance premiums are borne in full by the Company, and the agreement is scheduled to be renewed in June 2025.
9. The details of this proposal were approved at a Board of Directors meeting after obtaining consent from the Nomination and Compensation Committee, an advisory body to the Board of Directors consisting of the President & Representative Director of the Board, the Senior Executive Director of the Board and three independent Outside Directors.

No. 1

Takahiro Goto (Born January 16, 1971) Number of shares of the Company held: 862,152 shares



Reappointment

Attendance at Board of Directors meetings 10/10

■ **Career summary, positions, responsibilities, and significant concurrent positions**

July 1995	Joined Shinnihonliving Co., Ltd. (currently the Company)
September 1998	Department Manager, the Company
December 2005	President & Representative Director of the Board, Chief Executive Officer, the Company
April 2014	Director, Shinnihon Holdings Co., Ltd. (currently the Company)
March 2016	President & Representative Director, Shinnihoniyaku Co., Ltd. (currently the Company)
September 2021	Chairman & Representative Director, Flatcraft, Inc.
December 2021	President & Representative Director of the Board and Chief Executive Officer, the Company (current position)

[Significant concurrent positions]

・None

Reasons for nomination as candidate for Director of the Board

Mr. Takahiro Goto has contributed to the Company's sustained growth and the improvement in its corporate value through establishing the mission of the Company, "Achieving the Greatest Possible Satisfaction and Trust from Our Customers; Making Our Employees Happy and Giving Them Dreams for the Future; As a Company That Contributes to Society, We Aim to Expand Our Efforts Far and Wide without Limitation." In addition, he has formulated the Medium-Term Management Plan "Growth Next 2027," which is aimed at driving the Company's business to new heights with a new growth strategy grounded on its purpose, and led the Company's overall management. We believe he will continue to contribute to the Company's growth and the improvement of its corporate value going forward, and therefore request that he be reappointed as a Director of the Board.

No. 2

Mitsuyoshi Fukuhara (Born March 18, 1972) Number of shares of the Company held: 63,078 shares



Reappointment

Attendance at Board of Directors meetings 10/10

■ **Career summary, positions, responsibilities, and significant concurrent positions**

May 1991	Joined Marukan Unyu Ltd.
May 1994	Joined Cosmic Co., Ltd. (currently Yumemitsuketai Co., Ltd.)
May 2005	Director, HOT COMMUNICATION, INC.
April 2010	Joined JIMOS Co., Ltd.
April 2013	Joined the Company
April 2013	Deputy General Manager, Direct Marketing Department, the Company
April 2014	Deputy General Manager, Marketing Department, the Company
April 2015	General Manager, Mail Order Division, the Company
October 2016	General Manager, Mail Order Department and General Manager, Business Promotion Department, the Company
December 2016	Director of the Board and General Manager, Mail Order Department, the Company
February 2019	Director of the Board, Executive Officer, and General Manager, Sales Department, the Company
December 2019	Executive Director of the Board, the Company
December 2021	Chairman & Director, Flatcraft, Inc.
December 2021	Senior Managing Director of the Board and Chief Operating Officer, the Company (current position)
December 2022	President & Representative Director, Flatcraft, Inc. (current position)
July 2023	President, PERFECT ONE US Co., Ltd. (current position)

[Significant concurrent positions]

・President & Representative Director, Flatcraft, Inc.

・President, PERFECT ONE US Co., Ltd.

Reasons for nomination as candidate for Director of the Board

Mr. Mitsuyoshi Fukuhara led the rebuilding of the Company's mail order business model and supported the growth and expansion of its mail order business, which is the Company's core business. Since assuming the office of Senior Managing Director of the Board and Chief Operating Officer, he has contributed to the improvement of the Company's corporate value by actively promoting the expansion of the Company's business, while establishing the PERFECT ONE FOCUS brand, a new business, and spearheading our entry into the United States, the world's largest cosmetics market. We believe he will continue to contribute to the improvement of the Company's corporate value and its sustained growth going forward, and therefore request that he be reappointed as a Director of the Board.

No. 3

Sachiyo Yasuda (Born September 17, 1969) Number of shares of the Company held: - shares



Reappointment

Outside

Independent

Attendance at Board of Directors meetings
7/7

■ **Career summary, positions, responsibilities, and significant concurrent positions**

April 1992	Joined Recruit Co., Ltd. (currently Recruit Holdings Co., Ltd.)
April 1999	Sales Manager, Human Resources General Services Department, Recruit Co., Ltd.
April 2008	General Manager, Metropolitan Area Sales Department, HR Company, Recruit Co., Ltd.
April 2009	General Manager, New Product Development Department, Recruit Co., Ltd.
April 2010	General Manager, Tokai Area Sales Department, HR Company, Recruit Co., Ltd.
April 2012	General Manager, Tokai and Kansai Area Sales Department, New-graduates Recruiting Operation Department, Recruit Co., Ltd.
April 2013	(Concurrently) General Manager, Tokai and Kansai Area Sales Department, Assessment Department, Recruit Co., Ltd.
April 2014	Executive Officer in charge of New-graduates Recruiting Operation Division, Recruit Career Co., Ltd. (currently Recruit Co., Ltd.)
May 2019	Joined ExaWizards Inc., Executive Officer
March 2022	Outside Director, CL Holdings Inc. (current position)
November 2022	Head of Business Development, LegalOn Technologies, Inc. (current position)
December 2023	Director of the Board, the Company (current position)

[Significant concurrent positions]

- Outside Director, CL Holdings Inc.
- Head of Business Development, LegalOn Technologies, Inc.

Reasons for nomination as candidate for Outside Director and Expected Roles

Ms. Sachiyo Yasuda has experience and insight gained through years of her career in the corporate human resources domain including human capital recruitment, organizational development, and diversity and inclusion. Besides, she also has a wealth of expertise in the IT/DX domain. We believe that she will utilize these insights to provide appropriate oversight and beneficial advice for the Company's overall management from an independent and neutral perspective, and therefore request that she be reappointed as an Outside Director.

No. 4

Asako Minamitani (Born October 8, 1975) Number of shares of the Company held: - shares



New appointment

Outside

Independent

Attendance at Board of Directors meetings
- / -

■ **Career summary, positions, responsibilities, and significant concurrent positions**

October 2002	Joined Fukuoka Office of ShinNihon Audit Corporation (currently Ernst & Young ShinNihon LLC)
October 2016	Opened Asako Minamitani Certified Public Accountant Office (currently Asako Minamitani Certified Public Accountant and Certified Public Tax Accountant Office); Director (current position)
April 2017	Audit & Supervisory Board Member (part-time), Onojo Madokapia (current position)
April 2018	Audit & Supervisory Board Member (part-time), Fukuoka Women's University (current position)
September 2020	Audit & Supervisory Board Member (Part-Time), Saga University (current position)
June 2024	Audit & Supervisory Committee Member, YAMAU Holdings Corporation (current position)
June 2024	Audit & Supervisory Board Member (part-time), Hisayama Research Institute For Lifestyle Diseases (current position)

[Significant concurrent positions]

- Director, Asako Minamitani Certified Public Accountant and Certified Public Tax Accountant Office
- Audit & Supervisory Committee Member, YAMAU Holdings Corporation

Reasons for nomination as candidate for Outside Director and Expected Roles

Ms. Asako Minamitani has a wealth of experience and profound expertise as a certified public accountant. In addition, she has accumulated experience in the fields of internal control, finance, and accounting in corporate management over many years. We believe that she will utilize the knowledge and experience to provide appropriate oversight and beneficial advice for the Company's overall management from an objective and neutral perspective, and therefore request that she be appointed as an Outside Director.

Proposal 3: Election of One (1) Substitute Director of the Board Who Is an Audit and Supervisory Committee Member

The Company requests approval for the election of one (1) substitute Director of the Board who is an Audit and Supervisory Committee Member, in preparation for the case that the number of the Company's Directors of the Board who are Audit and Supervisory Committee Members falls short of the number stipulated by laws and regulations.

The effectiveness of the election under this proposal may be cancelled based on a resolution of the Board of Directors, provided such cancellation is done prior to the assumption of office and with the consent of the Audit and Supervisory Committee.

This proposal has been approved by the Audit and Supervisory Committee.

The candidate for substitute Director of the Board who is an Audit and Supervisory Committee Member is as follows:

Asako Minamitani (Born October 8, 1975) Number of shares of the Company held: - shares



Outside

Independent

■ **Career summary, positions, responsibilities, and significant concurrent positions**

October 2002	Joined Fukuoka Office of ShinNihon Audit Corporation (currently Ernst & Young ShinNihon LLC)
October 2016	Opened Asako Minamitani Certified Public Accountant Office (currently Asako Minamitani Certified Public Accountant and Certified Public Tax Accountant Office); Director (current position)
April 2017	Audit & Supervisory Board Member (part-time), Onojo Madokapia (current position)
April 2018	Audit & Supervisory Board Member (part-time), Fukuoka Women's University (current position)
September 2020	Audit & Supervisory Board Member (Part-Time), Saga University (current position)
June 2024	Audit & Supervisory Committee Member, YAMAU Holdings Corporation (current position)
June 2024	Audit & Supervisory Board Member (part-time), Hisayama Research Institute For Lifestyle Diseases (current position)

[Significant concurrent positions]

- Director, Asako Minamitani Certified Public Accountant and Certified Public Tax Accountant Office
- Audit & Supervisory Committee Member, YAMAU Holdings Corporation

Reasons for nomination as candidate for Substitute Outside Director who is an Audit and Supervisory Committee Member and Expected Roles

Ms. Asako Minamitani has a wealth of experience and profound expertise as a certified public accountant. In addition, she has accumulated experience in the fields of internal control, finance, and accounting in corporate management over many years. We believe that she will utilize the knowledge and experience to provide advice, audits, and supervision necessary for the Company from an objective and neutral perspective. We therefore request that she be appointed as a substitute Outside Director who is an Audit and Supervisory Committee Member.

Notes:
1. There is no special interest relationship between the Company and the candidate.
2. Ms. Asako Minamitani is a candidate for substitute Outside Director who is an Audit and Supervisory Committee Member.
3. If Ms. Asako Minamitani assumes office, the Company intends to register her as an independent director in accordance with the rules of the Tokyo Stock Exchange.
4. If Ms. Asako Minamitani assumes office, the Company intends to enter into a liability limitation agreement with her to limit her liability for damages stipulated under Article 423, Paragraph 1 of the Companies Act. The agreement limits liability to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.
5. The Company has entered into a directors and officers liability insurance agreement (hereinafter, "D&O insurance") with an insurance company as stipulated in Article 430 (3), Paragraph 1 of the Companies Act. The agreement covers damage in the event where Directors of the Board, etc. assume liability for damages arising from the execution of duties (except in cases corresponding to the disclaimers stipulated in the agreement). If Ms. Asako Minamitani assumes office as Director of the Board who is an Audit and Supervisory

Committee Member, the Company intends to designate her as the person insured by D&O insurance.

For Reference: Skills Matrix of the Board of Directors (scheduled from Thursday, December 19, 2024 onwards)

The Company's Board of Directors shall be composed of people with advanced knowledge and experience in fields pertaining to corporate management. The fields of particular importance to corporate management are defined as follows, and Directors of the Board are expected to adequately demonstrate their capabilities. The following composition of the Board of Directors has been prepared on the assumption that the proposals on election of Directors of the Board are all approved as originally proposed at this General Meeting of Shareholders.

	Name	Position at the Company	Age	Gender		Expertise, experience						
					Years in office	Corporate management and business strategy	Sales and marketing	Overseas business	M&A and alliances	Legal and risk management	Financial affairs, accounting, and finance	ESG and sustainability
Director	Takahiro Goto	President & Representative Director of the Board and Chief Executive Officer, Member of Nomination and Compensation Committee	53	Male	19	●	●		●	●		●
	Mitsuyoshi Fukuhara	Senior Managing Director of the Board and Chief Operating Officer, Member of Nomination and Compensation Committee	52	Male	8	●	●	●			●	●
	Sachiyo Yasuda	Director of the Board (Outside, Independent), Member of Nomination and Compensation Committee	55	Female	1	●	●					●
	Asako Minamitani	Director of the Board (Outside, Independent), Member of Nomination and Compensation Committee	49	Female	–						●	●
Audit and Supervisory Committee Member	Keiichi Zenmyo	Director of the Board (Outside, Independent), Audit and Supervisory Committee Member, Member of Nomination and Compensation Committee	67	Male	1	●		●		●		●
	Takashi Tanabe	Director of the Board (Outside, Independent), Audit and Supervisory Committee Member	63	Male	1				●	●		●
	Yuji Nakanishi	Director of the Board (Outside, Independent), Audit and Supervisory Committee Member	63	Male	1	●			●		●	●

Reasons for Selection of Skills Matrix Items

Item	Reasons for Selection
Corporate management and business strategy	In order to achieve further growth and promote solutions to priority issues in the field of health and beauty toward realizing a “creator of lifestyles that foster beauty and good health,” it is necessary to have Directors of the Board who have management experience and a track record of accomplishment at listed companies or the equivalent in the field of health and beauty in particular.
Sales and marketing	To formulate management strategy aimed at strengthening core brands, developing new brands, and strengthening sales capabilities in order to achieve further growth going forward in the field of health and beauty, it is necessary to have Directors of the Board with management experience and a track record of accomplishment in marketing and sales divisions.
Overseas business	In order to formulate management strategy for accelerating overseas development, an important issue in our growth strategy, and demonstrate oversight of management, it is necessary to have Directors of the Board with management experience and a track record of accomplishment in overseas business and/or at overseas affiliates.
M&A and alliances	In order for the Company to achieve sustained growth and raise its corporate value over the medium to long term, it is necessary to conduct M&A, business investment, capital alliances and business alliances, etc. appropriately in a timely manner, and in order for the Board of Directors to demonstrate highly effective oversight of management, it is necessary to have Directors of the Board with management experience and a track record of accomplishment in these areas.
Legal and risk management	In order for the Company to achieve sustained growth and raise its corporate value over the medium to long term, it is indispensable to promote and enhance compliance and thoroughly conduct risk management under an appropriate governance system, and in order for the Board of Directors to effectively demonstrate oversight of management, it is necessary to have Directors of the Board with experience and a track record of accomplishment related to compliance divisions and risk management at companies listed on the stock exchange or equivalent organizations.
Financial affairs, accounting, and finance	In order for the Company to raise its corporate value over the medium to long term, accurate and timely disclosure of financial information and appropriate and sufficient funding linked to business operations are extremely important factors, and for the Board of Directors to demonstrate highly effective oversight of management, it is necessary to have Directors of the Board with management experience and a track record of accomplishment in financial affairs, accounting, and finance at companies listed on the stock exchange or equivalent organizations.
ESG and sustainability	In order for the Company to develop over the medium to long term as a company that contributes to society, initiatives related to ESG and sustainability are necessary, and in order for the Board of Directors to actively promote the establishment of governance systems and initiatives for the achievement of a sustainable society, including environmental, social, and economic initiatives, it is necessary to have Directors of the Board with management experience and a track record of accomplishment in these areas at companies listed on the stock exchange or equivalent organizations.

Proposal 4: Determination of Amount of Compensation, etc. for Directors of the Board (Excluding Outside Directors and Directors of the Board Who are Audit and Supervisory Committee Members) under the Performance-Based Stock Compensation System

At the 35th Annual General Meeting of Shareholders held on December 19, 2023, shareholders approved the maximum amount of compensation for the granting of common stock with transfer restrictions ("transfer-restricted stock") to Directors of the Board (excluding Outside Directors and Directors of the Board who are Audit and Supervisory Committee Members), which is separate from the amount of monetary compensation, of no more than ¥30 million per year, and the total number of the common stock of the Company to be issued or disposed of to be no more than 15,000 shares per year, as a restricted stock system (the "Retirement Benefits RS System"), a stock compensation system that replaces the retirement benefits system for directors and other officers, for the purposes of providing an incentive that encourages recipients to sustainably increase the Company's corporate value and, at the same time, further promoting shared value between Directors of the Board and shareholders. Shareholders also approved the maximum amount of compensation for the granting of common stock to Directors of the Board (excluding Outside Directors and Directors of the Board who are Audit and Supervisory Committee Members) as a performance share unit system (the "PSU System"), a performance-based stock compensation system, which is separate from the amount of monetary compensation, of no more than the amount obtained by multiplying 60,000 shares of common stock of the Company by the share price at the time of delivery for each of the three fiscal years covered by the system.

At this meeting, in order to more solidly achieve the objective of the stock compensation, that is, shared value between Directors of the Board and shareholders, by granting stock compensation solely in transfer-restricted stock, the Company requests approval to discontinue the operation of the aforementioned PSU System going forward and newly introduce a performance-based stock compensation system (the "RS System") for Directors of the Board (excluding Outside Directors and Directors of the Board who are Audit and Supervisory Committee Members; the "Eligible Directors"), which is separate from the amount of monetary compensation. The number of the common stock of the Company to be issued or disposed of as transfer-restricted stock under the Retirement Benefits RS System and the RS System in total shall be no more than 75,000 shares per year, the limit for the total amount of monetary compensation claims for the granting of transfer-restricted stock shall be no more than the amount obtained by multiplying 75,000 shares of common stock of the Company by the share price at the time of delivery, and the decision on the specific allocation to Eligible Directors shall be left to the discretion of the Board of Directors.

The Audit and Supervisory Committee has expressed their opinion that this Proposal is reasonable.

The targe period of the PSU System is from the fiscal year ended September 30, 2024 to the fiscal year ending September 30, 2026. Stock for the performance for the fiscal year ended September 30, 2024 shall be granted after the conclusion of the fiscal year ending September 30, 2026 in accordance with provisions of the Stock Compensation Rules (Performance Share Unit). For the fiscal years ending September 30, 2025 and 2026, however, as the operation of the system will have been discontinued, stock shall not be granted. Stock shall not be granted thereafter, either.

The payment of compensation under the RS System under this Proposal has been decided after comprehensively considering various factors, including contributions made by the Eligible Directors to the Company. The Company therefore believes that the content thereof is reasonable. The compensation will not include the employee salary portion for Directors of the Board who concurrently serve as employees.

There are currently two (2) Eligible Directors, and if Proposal 2, "Election of Four (4) Directors of the Board (Excluding Directors of the Board Who Are Audit and Supervisory Committee Members)" is approved as proposed, the number of Eligible Directors will be two (2).

Under the RS System, monetary compensation claims are paid to Eligible Directors after a performance evaluation period, which is one or three fiscal years, in principle, according to the level of achievement of performance targets predetermined by the Board of Directors for the performance evaluation period for the granting of performance-based transfer-restricted stock compensation. The Eligible Directors pay all of the monetary compensation claims as in-kind contribution to receive common stock of the Company to be issued or disposed of by the Company.

The amount of the monetary compensation claims to be paid to an Eligible Director is calculated by multiplying the number of shares to be delivered (Note 1) by the share price at the time of delivery (Note 2).

(Note 1) The number of shares to be delivered is calculated by multiplying the number of shares that is determined in accordance with the Eligible Director's position by the payout ratio according to the level of achievement of performance targets for the performance evaluation period.

(Note 2) The share price at the time of delivery is the closing price of common stock of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution at the Board of Directors meeting pertaining to the issuance or the disposal of the stock (or the closing price on the most recent trading day preceding such date if no transactions are executed that day).

When issuing or disposing of common stock of the Company under the RS System, the Company and the Eligible Directors will enter into an agreement on the allocation of transfer-restricted stock (the "Allocation Agreement") that includes the details summarized below.

(1) Overview of the RS System and the Allocation Agreement

The RS System is a stock compensation system whereby Eligible Directors receive delivery of a number of the common stock of the Company ("Allotted Shares") that is determined in accordance with the Eligible Director's position and the financial results of the Company. The Allocation Agreement specifies the payment amount and conditions for each Eligible Director.

(2) Transfer Restriction Period

Eligible Directors must not transfer, pledge or otherwise dispose of the Allotted Shares which are allocated in accordance with the Allocation Agreement ("Transfer Restrictions") during the period prescribed by the Board of Directors between five (5) and 30 years ("Transfer Restriction Period"). However, the Transfer Restriction Period shall be determined by the Board of Directors following deliberation by the Nomination and Compensation Committee and respecting the opinion of the Committee.

(3) Acquisition without consideration

In the event an Eligible Director retires during the Transfer Restriction Period or if certain types of misconduct arise such as violation of laws and regulations or the Company's internal rules, or other conditions (to be determined by the Board of Directors) apply, whereby the Company acquires the Allotted Shares without consideration, established to maintain the purpose of the stock compensation plan, the Company will automatically acquire the Allotted Shares without consideration.

(4) Lifting of Transfer Restrictions

Notwithstanding the provisions of (2) above, the Company shall lift the Transfer Restrictions on all of the Allotted Shares when the Transfer Restriction Period expires, on the condition that the Eligible Director has continuously held the position of Director of the Board, Executive Manager, Executive Officer or employee of the Company or its subsidiary for the period from the date the Transfer Restriction Period begins to the date of the Annual General Meeting of Shareholders to report or determine the financial results for the fiscal year that includes the date the Transfer Restriction Period begins ("Eligible Service Period"). However, in the event that the Eligible Director retires before the Eligible Service Period expires without falling under any of the conditions for acquisition without consideration set forth in (3) above, the Company shall make reasonable adjustments, as necessary, regarding for how many Allotted Shares and when the Transfer Restrictions shall be lifted.

(5) Acquisition of remaining shares without consideration

The Company shall automatically acquire without consideration the Allotted Shares for which Transfer Restrictions have not been lifted according to (4) above, when the Transfer Restriction Period expires.

(6) Handling in case of business restructuring

In the event that matters related to organizational restructuring, etc. ("restructuring"), are approved at the Company's General Meeting of Shareholders (or at a Board of Directors meeting, if the restructuring does not require approval at a General Meeting of Shareholders), the Company shall, by a resolution of the Board of Directors, lift the Transfer Restrictions for some Allotted Shares reasonably determined based on the period from the date the Transfer Restriction Period begins to the date the restructuring is approved, prior to the effective date of the restructuring. In this case, the Company shall automatically acquire without consideration any Allotted Shares for which the Transfer Restrictions have not been lifted immediately subsequent to the lifting of the Transfer Restrictions.