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(Stock Exchange Code 6458)

June 7, 2024

To Shareholders with Voting Rights:

Satoshi Suenaga
Chief Executive Officer
SINKO INDUSTRIES LTD.
1-4-5 Minamimorimachi, Kita-ku, Osaka

**NOTICE OF
THE 75th ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

The 75th Annual General Meeting of Shareholders of SINKO INDUSTRIES LTD. (the “Company”) will be held for the purposes as described below.

In convening the general meeting of shareholders, the Company has taken measures for electronic provision, and matters to be provided electronically are posted on the website indicated below as “NOTICE OF THE 75th ANNUAL GENERAL MEETING OF SHAREHOLDERS.”

The Company’s website

<https://www.sinko.co.jp/skeng/ir/library/shareholders/>

In addition to the above, matters to be provided electronically are also posted on the website indicated below.

Tokyo Stock Exchange (TSE) website (Listed Company Search)

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

Please access the above website, enter the Company’s name “SINKO INDUSTRIES LTD.” in the “Issue name (company name)” or the Company’s securities code “6458” in the “Code” and click “Search,” and click “Basic information,” then select “Documents for public inspection/PR information,” and refer to the information.

Instead of attending the meeting in person, you can exercise your voting rights in writing or through electromagnetic means (the Internet, etc.). Please review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights no later than 6:00 p.m. on Friday, June 21, 2024, Japan time.

1. **Date and Time:** Monday, June 24, 2024 at 10:00 a.m. Japan time (Reception opens at 9:00 a.m.)
2. **Place:** Conference room, 5F of the Company located at
1-4-5 Minamimorimachi, Kita-ku, Osaka
3. **Meeting Agenda:**
 - Matters to be reported: 1. The Business Report, Consolidated Financial Statements for the Company’s 75th Fiscal Year (April 1, 2023 - March 31, 2024) and results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 75th Fiscal Year

(April 1, 2023 - March 31, 2024)

Proposals to be resolved:

- Proposal 1:** Distribution of Surplus
Proposal 2: Election of 8 Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
Proposal 3: Election of 5 Directors Who Are Audit and Supervisory Committee Members
Proposal 4: Election of 1 Substitute Director Who Is an Audit and Supervisory Committee Member
Proposal 5: Determination of the Amount and Details of the Share-based Compensation, etc. for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

- ◎ When attending the meeting in person, submit the enclosed Exercise of Voting Rights form to the receptionist.
- ◎ Shareholders attending the Meeting who require assistance are asked to inquire with the staff on hand at the venue.
- ◎ Any revisions to the matters to be provided electronically will be posted on each of the websites on which these matters are posted.
- ◎ Based on the provisions of laws and regulations and Article 15 of the Company's Articles of Incorporation, the matters listed below are not included in the written documents sent to the shareholders who have requested the delivery of documents. Accordingly, such documents are part of the subject documents that were audited by the Audit and Supervisory Committee and Accounting Auditor in preparing the Audit Report.
 - (1) Notes to Consolidated Financial Statements of the Consolidated Financial Statements
 - (2) Notes to Non-Consolidated Financial Statements of the Non-Consolidated Financial Statements
- ◎ Souvenirs will not be handed out to shareholders at the Company's General Meeting of Shareholders. We sincerely appreciate your understanding.
- ◎ If there are any changes in the method of operation of the General Meeting of Shareholders, etc. due to future circumstances, we will post them on our website (<https://www.sinko.co.jp/skeng/>).

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Distribution of Surplus

While striving to strengthen its financial position and expand business operations, the Company will actively return profits to each shareholder with considerations made for business performance trends. Additionally, the Company will utilize retained earnings from a long-term perspective to strengthen its management structure and further develop its business in the future.

Under this policy, based on the performance trend of the current fiscal year, the year-end dividend for the fiscal year under review will be 70 yen per share, which represents an increase of 33 yen from the previous fiscal year.

Items Related to the Year-end Dividend

(1) Type of dividend property

Cash

(2) Items related to the allocation of dividend property and its total amount

70 yen per common share, for a total of 1,748,960, 990 yen

(Note) The annual dividend for the fiscal year under review including the interim dividend will be 105 yen per share, which represents an increase of 48 yen from the previous fiscal year.

(3) Date the distribution of surplus comes into effect

June 25, 2024

Proposal 2: Election of 8 Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of all 7 Directors (excluding Directors who are Audit and Supervisory Committee Members) will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the Company proposes the election of 8 Directors (excluding Directors who are Audit and Supervisory Committee Members) by increasing the number of Outside Directors by one in order to further strengthen the supervisory function of the Board of Directors.

The Audit and Supervisory Committee has determined that this proposal is appropriate, and confirmed that there are no additional matters to be stated.

The candidates are as follows:

No.	Name	Positions and responsibilities at the Company	Attendance at the Board of Directors meetings	Gender
1	Satoshi Suenaga [Reappointment]	Chief Executive Officer	17 out of 17 meetings (100%)	Male
2	Tokuji Aota [Reappointment]	Representative Director and Deputy President Chief Financial Officer General Manager of Administration Division	17 out of 17 meetings (100%)	Male
3	Takenori Taniguchi [Reappointment]	Director and Senior Executive Vice President General Manager of Manufacturing Division	17 out of 17 meetings (100%)	Male
4	Tomoaki Fujii [Reappointment]	Director and Senior Executive Vice President General Manager of Corporate Planning Office	17 out of 17 meetings (100%)	Male
5	Noriaki Michibata [Reappointment]	Director and Executive Vice President General Manager of Sales Management Division	17 out of 17 meetings (100%)	Male
6	Minako Adachi [Reappointment] [Outside] [Independent]	Director	16 out of 17 meetings (94%)	Female
7	Shinichi Hirano [Reappointment] [Outside] [Independent]	Director	17 out of 17 meetings (100%)	Male
8	Itsuko Fukuda [New appointment] [Outside] [Independent]	-	-	Female

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held	
1	Satoshi Suenaga (March 8, 1962) [Reappointment]	April 1984 April 2007 June 2008 June 2013 April 2016 June 2017 June 2020	Joined the Company General Manager of Tokyo Branch Senior Vice President Director and Senior Vice President Director and Executive Vice President General Manager of Corporate Planning Division Director and Senior Executive Vice President Chief Executive Officer (current position)	14,000
		<p>[Reason for nomination]</p> <p>Mr. Satoshi Suenaga has been engaged in sales divisions in Japan and overseas since he joined the Company, and he has served as Chief Executive Officer of the Company since 2020. As he possesses a wealth of experience and a track record in the Company's business operation, the Company nominated him as a candidate for Director.</p>		
2	Tokuji Aota (March 1, 1962) [Reappointment]	October 2011 February 2014 July 2014 June 2015 June 2016 June 2017 June 2020	General Manager of Meguro Branch, the Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently, MUFG Bank, Ltd.) Joined the Company Vice General Manager of Administration Division Senior Vice President Director and Senior Vice President Chief Financial Officer, and General Manager of Administration Division (current position) Director and Executive Vice President Representative Director and Deputy President (current position)	8,500
		<p>[Reason for nomination]</p> <p>As Mr. Tokuji Aota possesses a track record in, among others, the business operations related to accounting and finance and the business operations related to personnel and general affairs since he joined the Company, utilizing deep insight into finance and economy in general accumulated in his former job, the Company nominated him as a candidate for Director.</p>		
3	Takenori Taniguchi (February 20, 1962) [Reappointment]	April 1982 July 2007 June 2013 June 2016 June 2017 April 2020	Joined OKAYAMA SINKO KOGYO CO., LTD. (currently, the Company) Director; General Manager of Manufacturing Department I Director and Executive Vice President General Manager of General Affairs Department; General Manager of Manufacturing Management Department Chief Executive Officer Director of the Company Director and Senior Executive Vice President (current position) General Manager of Manufacturing Division (current position)	14,300
		<p>[Reason for nomination]</p> <p>Mr. Takenori Taniguchi served as Chief Executive Officer of a subsidiary serving as the manufacturing division of the Group, from 2016. After the Company merged with the subsidiary, he has served as General Manager of Manufacturing Division. As he possesses a wealth of experience and a track record in business operations, the Company nominated him as a candidate for Director.</p>		

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held	
4	Tomoaki Fujii (December 20, 1974) [Reappointment]	April 1997 April 2015 April 2017 June 2017 June 2018 April 2020 June 2020 April 2021 June 2022	Joined the Company General Manager of Information Technology Department, Administration Division General Manager of Planning and Related Business Department, Corporate Planning Division Senior Vice President Director Responsible for China Business Department Director and Executive Vice President General Manager of Corporate Planning Division General Manager of Corporate Planning Office (current position) Director and Senior Executive Vice President (current position)	31,426
		[Reason for nomination] As Mr. Tomoaki Fujii has been engaged in administration and corporate planning divisions since he joined the Company, and possesses a wealth of experience and track record in the Company's business operation, the Company nominated him as a candidate for Director.		
5	Noriaki Michibata (December 15, 1964) [Reappointment]	April 1989 April 2008 July 2013 June 2015 April 2016 June 2019 April 2021 June 2022	Joined the Company General Manager of Sales Department I, Osaka Branch Vice General Manager of Osaka Branch Senior Vice President General Manager of Osaka Branch Director General Manager of Sales Management Division (current position) Director and Executive Vice President (current position)	5,389
		[Reason for nomination] As Mr. Noriaki Michibata has been engaged in the sales division since he joined the Company, and possesses a wealth of experience and track record in the Company's business operation, the Company nominated him as a candidate for Director.		
6	Minako Adachi (October 1, 1956) [Reappointment] [Outside] [Independent]	April 1979 June 2006 June 2010 October 2012 April 2013 June 2015 June 2019 June 2019 June 2023	Joined HOCHIKI CORPORATION Managing Director of Hochiki Europe (U.K.) Limited Director of HOCHIKI CORPORATION Chairman of Board of Hochiki Fire Prevention Technology Corp. President and Director of Hochiki Australia Pty. Ltd. Chairman of Board and General Manager of Hochiki Fire Prevention Technology Corp. President & Director of Hochiki Shoji Corp. Director of the Company (current position) Auditor (part time) of HOCHIKI CORPORATION (current position) External Director of SANSHIN ELECTRONICS CO., LTD. (current position)	-
		[Reason for nomination and expected role] Ms. Minako Adachi possesses a wealth of experience and track record in corporate management and has extensive international experience in particular. As it is expected that she can offer advice on general management of the Company and contribute to further enhancement of its management supervisory function, the Company nominated her as a candidate for Outside Director.		

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
7	Shinichi Hirano (January 16, 1956) [Reappointment] [Outside] [Independent]	<p>April 1979 Joined Asahi Breweries, Ltd. (currently, Asahi Group Holdings Ltd.)</p> <p>July 2011 Managing Director, Senior General Manager of Sales Headquarters, ASAHI BREWERIES, LTD.</p> <p>March 2013 Senior Managing Director; General Manager of Sales Administration Division</p> <p>March 2015 Director and Vice President</p> <p>March 2016 President and Representative Director</p> <p>March 2019 Retired from President and Representative Director</p> <p>January 2020 Outside Director of GiG Works Inc. (current position)</p> <p>June 2020 Director (Audit and Supervisory Committee Member) of the Company</p> <p>June 2021 Outside Director, Riken Vitamin Co., Ltd. (current position)</p> <p>June 2022 Director of the Company (current position)</p>	–
<p>[Reason for nomination and expected role]</p> <p>Mr. Shinichi Hirano possesses a wealth of experience, track record, and broad knowledge in corporate management accumulated over many years of his service as an officer for other companies. As it is expected that he can offer advice on general management of the Company and contribute to further enhancement of its management supervisory function, the Company nominated him as a candidate for Outside Director.</p>			
8	Itsuko Fukuda (February 5, 1962) [New appointment] [Outside] [Independent]	<p>April 1984 Joined TOSHIBA CORPORATION</p> <p>June 2018 President and CEO of TOKYO ELECTRONICS SYSTEMS CORPORATION</p> <p>October 2019 President and CEO of TOSHIBA ELECTRONIC SYSTEMS CORPORATION</p> <p>October 2022 Director of TOSHIBA ELECTRONIC TECHNOLOGIES CORPORATION</p> <p>June 2023 Retired from Director of TOSHIBA ELECTRONIC TECHNOLOGIES CORPORATION</p>	–
<p>[Reason for nomination and expected role]</p> <p>Ms. Itsuko Fukuda possesses a wealth of experience and a track record in corporate management and has a high level of insight into the IT field. As it is expected that she can offer advice on general management of the Company and contribute to further enhancement of its management supervisory function, the Company nominated her as a candidate for Outside Director.</p>			

(Notes)

1. There are no special interests between each candidate and the Company.
2. Ms. Minako Adachi, Mr. Shinichi Hirano, and Ms. Itsuko Fukuda are candidates for Outside Directors.
3. Ms. Minako Adachi's term of office as Outside Director will be 5 years as of the conclusion of this General Meeting of Shareholders. Mr. Shinichi Hirano's term of office as Outside Director will be 4 years (of which the term of office as Director who is an Audit and Supervisory Committee Member will be 2 years) as of the conclusion of this General Meeting of Shareholders.
4. The Company has entered into liability limitation agreements with Ms. Minako Adachi and Mr. Shinichi Hirano to limit their liability for compensation as stipulated in Article 423, Paragraph 1 of the Companies Act. Upon the approval of their reelection, the Company will renew the agreement. The Company will also enter into a liability limitation agreement with Ms. Itsuko Fukuda if her election is approved. The limit of liability for compensation in the agreements is equal to the minimum amount stipulated by laws and regulations.
5. The Company has entered into a directors and officers liability insurance contract, specified in Article 430-3, Paragraph 1 of the Companies Act, with an insurance company, which covers damages and expenses incurred by the insured in the event that they are claimed for damages resulting from their actions in the performance of their duties. Each candidate will be included as the insured by the said contract. The Company plans to renew the contract with the same terms and conditions at the next renewal.
6. The Company has designated Ms. Minako Adachi and Mr. Shinichi Hirano as Independent Directors as stipulated by the rules of the Tokyo Stock Exchange and has registered them as such. Upon the approval of their reelection, the Company will continue to register them as Independent Directors with the Exchange. Ms. Itsuko Fukuda also satisfies the requirements for an Independent Director as stipulated by the Tokyo Stock Exchange, and if her election is approved, the Company will register her as such.

Proposal 3: Election of 5 Directors Who Are Audit and Supervisory Committee Members

The terms of office of all 5 Directors who are Audit and Supervisory Committee Members will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the Company proposes the election of 5 Directors who are Audit and Supervisory Committee Members.

The Audit and Supervisory Committee has given its approval to this proposal.

The candidates are as follows:

No.	Name	Positions and responsibilities at the Company	Attendance at the Board of Directors meetings	Attendance at the Audit and Supervisory Committee meetings	Gender
1	Masakazu Sano [Reappointment]	Director; Full-time Audit and Supervisory Committee Member	17 out of 17 meetings (100%)	12 out of 12 meetings (100%)	Male
2	Kenichiro Mizumura [Reappointment] [Outside] [Independent]	Director; Audit and Supervisory Committee Member	17 out of 17 meetings (100%)	12 out of 12 meetings (100%)	Male
3	Yoshio Nakagawa [Reappointment] [Outside] [Independent]	Director; Audit and Supervisory Committee Member	17 out of 17 meetings (100%)	12 out of 12 meetings (100%)	Male
4	Hisao Kitadono [New appointment]	Senior Vice President General Manager of Internal Audit Office	–	–	Male
5	Emiko Ikigoshi [New appointment] [Outside] [Independent]	–	–	–	Female

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
1	Masakazu Sano (February 10, 1958) [Reappointment]	April 1980	Joined KUROGANE SINKO INDUSTRIES LTD. (currently, the Company)	15,600
		April 2012	General Manager of Quality Control Department, Technical Division of the Company	
		April 2015	General Manager of Design Department, Technical Division	
		June 2018	Senior Vice President	
		June 2021	Advisor, Technical Division	
		June 2022	Director (Full-time Audit and Supervisory Committee Member) (current position)	
[Reason for nomination] Mr. Masakazu Sano has been engaged in the Technical Division since he joined the Company. As it is expected that he can reflect such ample experience and track record in the Company's management and contribute to the enhancement of its audit and supervisory function, the Company nominated him as a candidate for Director who is an Audit and Supervisory Committee Member.				
2	Kenichiro Mizumura (September 18, 1955) [Reappointment] [Outside] [Independent]	July 2005	General Manager of Kobe Branch, the Bank of Tokyo-Mitsubishi, Ltd. (currently, MUFG Bank, Ltd.)	-
		June 2007	Director of Odakyu Real Estate Co., Ltd.	
		January 2017	Managing Director of Chitose Kosan Co., Ltd.	
		June 2018	Director (Audit and Supervisory Committee Member) of the Company (current position)	
[Reason for nomination and expected role] Mr. Kenichiro Mizumura possesses many years of experience in financial institutions in addition to deep insight and abundant achievements from his service as an officer for other companies. As it is expected that he can audit and supervise the overall management from a wide-ranging and high-level perspective, the Company nominated him as a candidate for Outside Director who is an Audit and Supervisory Committee Member.				
3	Yoshio Nakagawa (May 6, 1956) [Reappointment] [Outside] [Independent]	April 1995	Public Prosecutor of Tokyo District Public Prosecutors Office	11,300
		April 2017	Public Prosecutor of Osaka High Public Prosecutors Office	
		July 2019	Registered as an attorney; joined Shizuoka Bar Association	
		November 2019	Attorney, Nakagawa Law Office (current position)	
		June 2020	Director of the Company	
		June 2022	Director (Audit and Supervisory Committee Member) (current position)	
[Reason for nomination and expected role] Although Mr. Yoshio Nakagawa has never been involved in corporate management in the past, he possesses ample experience and expertise accumulated as a public prosecutor and an attorney. As it is expected that he can offer objective and appropriate advice on such matters as improving the Company's internal control and enhancing its compliance, the Company nominated him as a candidate for Outside Director who is an Audit and Supervisory Committee Member.				

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
4	Hisao Kitadono (September 15, 1960) [New appointment]	April 1983 Joined the Company April 2012 General Manager of Information Technology Department, Administration Division April 2016 Senior General Manager of Information Technology Department, Administration Division October 2017 General Manager of Internal Audit Office (current position) June 2018 Senior Vice President (current position)	6,200
	[Reason for nomination] Mr. Hisao Kitadono has been engaged in the Administration and the Internal Audit departments since he joined the Company. As it is expected that he can reflect such ample experience and track record in the Company's management and contribute to the enhancement of its audit and supervisory function, the Company nominated him as a candidate for Director who is an Audit and Supervisory Committee Member.		
5	Emiko Ikigoshi (May 13, 1960) [New appointment] [Outside] [Independent]	October 1990 Joined Chuo Shinko Audit Corporation March 1994 Registered as a Certified Public Accountant (current position) June 2003 Partner, ChuoAoyama Audit Corporation August 2007 Joined Deloitte Touche Tohmatsu (currently Deloitte Touche Tohmatsu LLC) Partner October 2023 Representative of Ikigoshi Certified Public Accountant Office (current position)	–
	[Reason for nomination and expected role] Although Ms. Emiko Ikigoshi has never been involved in corporate management in the past, she has ample experience and wide-ranging knowledge gained as a certified public accountant. As it is expected that she will utilize them to enhance the Company's audit system, the Company nominated her as a candidate for Outside Director who is an Audit and Supervisory Committee Member.		

(Notes)

1. There are no special interests between each candidate and the Company.
2. Mr. Kenichiro Mizumura, Mr. Yoshio Nakagawa, and Ms. Emiko Ikigoshi are candidates for Outside Directors who are Audit and Supervisory Committee Members.
3. Mr. Kenichiro Mizumura's term of office as Outside Director who is an Audit and Supervisory Committee Member will be 6 years as of the conclusion of this General Meeting of Shareholders.
4. Mr. Yoshio Nakagawa's term of office as Outside Director will be 4 years (including 2 years as Director who is an Audit and Supervisory Committee Member) as of the conclusion of this General Meeting of Shareholders.
5. The Company has entered into liability limitation agreements with Mr. Kenichiro Mizumura and Mr. Yoshio Nakagawa to limit their liability for compensation as stipulated in Article 423, Paragraph 1 of the Companies Act. Upon the approval of their reelection, the Company will renew the agreement. The Company will also enter into a liability limitation agreement with Ms. Emiko Ikigoshi if her election is approved. The limit of liability for compensation in the agreements is equal to the minimum amount stipulated by laws and regulations.
6. The Company has entered into a directors and officers liability insurance contract, specified in Article 430-3, Paragraph 1 of the Companies Act, with an insurance company, which covers damages and expenses incurred by the insured in the event that they are claimed for damages resulting from their actions in the performance of their duties. Each candidate will be included as the insured by the said contract. The Company plans to renew the contract with the same terms and conditions at the next renewal.
7. The Company has designated Mr. Kenichiro Mizumura and Mr. Yoshio Nakagawa as Independent Directors as stipulated by the rules of the Tokyo Stock Exchange and has registered them as such. Upon the approval of their reelection, the Company will continue to register them as Independent Directors with the Exchange. Ms. Emiko Ikigoshi also satisfies the requirements for an Independent Director as stipulated by the Tokyo Stock Exchange, and if her election is approved, the Company will register her as such.

(Reference)

Skills matrix of Directors (if each candidate is elected at this general meeting)

	Name	Corporate management	Finance & accounting	Sales, marketing & strategy	Manufacturing technology & IT	Legal affairs, compliance & risk management	ESG & sustainability	Industry knowledge	Personnel/ labor management & human resource development	Internationality
Directors	Satoshi Suenaga	●		●	●		●	●		●
	Tokuji Aota	●	●	●		●	●		●	
	Takenori Taniguchi	●			●			●	●	●
	Tomoaki Fujii	●		●	●			●		●
	Noriaki Michibata	●		●				●		
	Minako Adachi	Outside Independent	●		●					●
	Shinichi Hirano	Outside Independent	●		●				●	●
	Itsuko Fukuda	Outside Independent	●			●				
Directors who are Audit and Supervisory Committee Members	Masakazu Sano				●			●		
	Kenichiro Mizumura	Outside Independent	●	●	●					
	Yoshio Nakagawa	Outside Independent				●				
	Hisao Kitadono				●	●		●		
	Emiko Ikigoshi	Outside Independent		●						

Proposal 4: Election of 1 Substitute Director Who Is an Audit and Supervisory Committee Member

The effectiveness of the appointment of Mr. Ryohei Okao, a Substitute Director who is an Audit and Supervisory Committee Member elected at the 74th Annual General Meeting of Shareholders held on June 23, 2023, will expire at the opening of this year's Annual General Meeting of Shareholders. In order to prepare for cases where the number of Directors who are Audit and Supervisory Committee Members falls below the number prescribed by laws and regulations, the Company proposes the election of 1 Substitute Director who is an Audit and Supervisory Committee Member.

The Audit and Supervisory Committee has previously given its approval to this proposal.

The candidate is as follows:

Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
Ryohei Okao (July 11, 1979) [Outside] [Independent]	October 2001 Joined Shin Nihon & Co. (currently, Ernst & Young ShinNihon LLC) July 2005 Registered as certified public accountant June 2019 Retired from Ernst & Young ShinNihon LLC July 2019 Representative of Okao Certified Public Accountant Office (current position)	—
[Reason for nomination and expected role] Mr. Ryohei Okao possesses a wealth of experience and broad knowledge accumulated as a certified public accountant. As it is expected that he can utilize them for enhancement of the Company's audit structure, the Company nominated him as a candidate for Substitute Outside Director who is an Audit and Supervisory Committee Member.		

(Notes)

1. There are no special interests between the candidate and the Company.
2. Mr. Ryohei Okao is a candidate for Substitute Outside Director who is an Audit and Supervisory Committee Member.
3. If Mr. Ryohei Okao assumes the position of Director who is an Audit and Supervisory Committee Member, the Company will enter into a liability limitation agreement with him to limit his liability for compensation as stipulated in Article 423, Paragraph 1 of the Companies Act. The limit of liability for compensation in the agreement is equal to the minimum amount stipulated by laws and regulations.
4. The Company has entered into a directors and officers liability insurance contract, specified in Article 430-3, Paragraph 1 of the Companies Act, with an insurance company, which covers damages and expenses incurred by the insured in the event that they are claimed for damages resulting from their actions in the performance of their duties. If Mr. Ryohei Okao assumes office, he will be included as the insured by the said contract.
5. If Mr. Ryohei Okao assumes the position of Director who is an Audit and Supervisory Committee Member, he satisfies the requirements of Independent Director as stipulated by the rules of the Tokyo Stock Exchange, and the Company will register him as an Independent Director.

Proposal 5: Determination of the Amount and Details of Share-based Compensation, etc. for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

1. Reasons for the proposal and reason for deeming the said compensation to be reasonable

The Company, at the 67th Annual General Meeting of Shareholders held on June 28, 2016, obtained shareholder approval for the maximum amount of compensation, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members) at not more than 300 million yen per annum (excluding the salary portion of Directors serving concurrently as employees). In this proposal, the Company asks for the approval of the shareholders for the adoption of a new share-based compensation plan (the “Plan”), separate from the above maximum amount of compensation, in which the shares of the Company are delivered to Directors (excluding Directors who are Audit and Supervisory Committee Members, Outside Directors, and non-residents, hereinafter the same shall apply throughout this proposal) and certain Senior Vice Presidents (excluding non-residents, together with the Directors, hereinafter collectively referred to as the “Director(s), etc.”).

The Company has set forth the “Policy on the Determination of the Details of Compensation, etc. for Individual Directors,” a summary of which is provided on page 15 of the Business Report (in Japanese only), and if this proposal is approved, it plans to make changes to the policy as indicated in “(Reference) Policy on the Determination of the Details of Compensation, etc. for Directors on an Individual Basis,” on pages 15 in the Reference Documents for the General Meeting of Shareholders. This proposal is in line with the policy after the said changes and aims to raise the awareness of the Directors to contribute to the medium- to long-term improvement of business performance and the enhancement of corporate value, and thus the Company deems the adoption of the Plan to be reasonable.

If Proposal 2 “Election of 8 Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” is approved and resolved as originally proposed, the number of Directors who will be eligible under the Plan will be five.

Furthermore, the Plan will also cover certain Senior Vice Presidents, and while the compensation amount based on this proposal includes compensation for the Senior Vice Presidents, considering the possibility of the Senior Vice Presidents applicable under the Plan being appointed as Directors during the applicable period of the Plan, the Company proposes amounts and details of compensation based on the Plan as a whole.

2. The amount and details of compensation, etc. under the Plan

(1) Outline of the Plan

The Plan is a share-based compensation plan under which shares of the Company are acquired through a trust using the amount of Directors’ compensation contributed by the Company as funds, and the Company’s shares and cash equivalent to the amount of the Company’s shares converted into cash (the “Company’s Shares, etc.”) are delivered or paid (the “Delivery, etc.”) according to the points granted to the Directors based on their positions and the degree of achievement of performance targets.

(For details, see (2) below.)

- Persons eligible for the Delivery, etc. of the Company’s Shares, etc. subject to this proposal
Directors (excluding Directors who are Audit and Supervisory Committee Members, Outside Directors, and non-residents) of the Company and certain Senior Vice Presidents (excluding non-residents) of the Company
- The impact of the Company’s shares subject to this proposal on the total number of issued shares
 - i. The upper limit of money to be contributed by the Company
A total of 648 million yen for the applicable period of three fiscal years
 - ii. The upper limit of the number of the Company’s shares subject to Delivery, etc., to the Directors, etc. and the method of acquisition of the Company’s shares
 - The upper limit of the total number of the Company’s Shares, etc. subject to Delivery, etc. to the Directors, etc. for the applicable period of three fiscal years shall be 108,000 shares
 - The Company’s shares under the Plan shall be acquired from the stock market or the Company
 - iii. Details of the conditions for achieving performance
 - Points shall be granted according to the degree of achievement of the metrics set in advance as performance targets for each segment for which each officer is in charge
 - iv. Timing of the Delivery, etc. of the Company’s Shares, etc. to the Directors, etc.

In principle, at the time of retirement from the position of Director or Senior Vice President

(2) The upper limit of money to be contributed by the Company

The applicable period of the Plan shall be three consecutive fiscal years (the “Applicable Period”) (the initial period shall be the three fiscal years from the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2027, followed by each of the three consecutive fiscal years thereafter if the trust period is extended).

The Company shall contribute money, a maximum of 648 million yen in total, as compensation for the Directors, etc., and set up a trust with a trust period of three years with the Directors, etc. who satisfy the beneficiary requirements designated as beneficiaries (the “Trust”).

The Trust, under the instruction of the trust administrator, shall use the money entrusted to the Trust as funds to acquire the Company’s shares from the stock market or the Company. The Company shall grant points to the Directors, etc. according to the degree of achievement of the metrics set in advance as performance targets for each segment for which each officer is in charge, after the completion of the Medium-term Management Plan in principle. Subsequently, the Directors, etc., at the time of retirement, shall receive the Delivery, etc. of the Company’s Shares, etc. in the numbers equivalent to the value of the points accumulated (the “Accumulated Points”).

At the expiry of the trust period of the Trust, in lieu of setting up a new trust, the Company may continue the Trust by modifying the trust agreement and making additional contributions to the Trust. In such cases, the trust period shall be extended for the same duration as the initial trust period and the three fiscal years following the extension shall be the new Applicable Period. The Company shall make additional contributions in the range of 648 million yen in total for each extended trust period and continue the granting of points and the Delivery, etc., of the Company’s Shares, etc. to the Directors, etc. during the extended trust period.

However, when making such additional contributions, if any of the Company’s shares (excluding shares equivalent to the points granted to the Directors, etc., and for which the Delivery, etc. has not been completed) and cash (hereinafter collectively referred to as the “Residual Shares, etc.”) remain in the trust properties prior to the extension, the total amount of the Residual Shares, etc. and the additional trust money contributed by the Company shall not exceed 648 million yen.

(3) The calculation method and the upper limit of the number of the Company’s Shares, etc. subject to the Delivery, etc. to the Directors, etc.

The number of the Company’s Shares, etc. subject to Delivery, etc. to the Directors, etc. shall be determined, pursuant to the Stock Compensation Regulations, based on the Accumulated Points, which have been granted after the completion of the Medium-term Management Plan, according to the degree of achievement of the metrics set in advance as performance targets for each segment for which each officer is in charge, and the upper limit of the total number of the Company’s Shares, etc. subject to Delivery, etc. to the Directors, etc. for the applicable period of three fiscal years shall be 108,000 shares.

One point shall equal one share of the Company’s common stock and in the event that the Company’s shares undergo a share split, reverse share split, etc., during the trust period and the number of the Company’s shares increases or decreases as a result, the number of the Company’s shares subject to the Delivery, etc., shall be adjusted according to the relevant ratio of increase or decrease.

(4) The method and timing of the Delivery, etc. of the Company’s Shares, etc. to the Directors, etc.

The Directors, etc. who meet the beneficiary requirements, shall receive the Delivery, etc. of the Company’s Shares, etc. corresponding to the number of points held at the time of retirement, from the Trust by completing the prescribed procedures for certifying the beneficiary.

In such cases, the Directors, etc. shall receive the delivery of the Company’s shares corresponding to a certain proportion of the points granted, and upon conversion of the Company’s shares corresponding to the remaining points into cash within the Trust, receive payment of the cash equivalent to the amount of the Company’s shares converted into cash.

(5) Malus and clawback systems

The Company shall establish systems so that if a Director, etc. is found to have committed a serious fraud, a violation, and the like, the Company may, under the Plan, demand from the Director, etc. involved the loss or forfeiture (malus) of his or her right to receive the Delivery, etc. of the Company’s Shares, etc., or the return of the money equivalent to the Company’s Shares, etc. that have already been delivered (clawback).

(6) Voting rights for the Company’s shares held within the Trust

The voting rights for the Company's shares held within the Trust shall not be exercised during the trust period, in order to ensure the neutrality of management.

(7) Other details of the Plan

The Board of Directors will determine the other details of the Plan each time the Trust is set, the trust agreement is modified, or an additional contribution to the Trust is made

(Reference) Policy on the Determination of the Details of Compensation, etc. for Individual Directors

The Company has established the "Policy on the Determination of the Details of Compensation, etc. for Individual Directors," a summary of which is provided on page 15 of the Business Report (in Japanese only), and if Proposal 5 is approved, the Company will make changes to the policy as indicated below.

The Company's Nomination and Compensation Committee, at the behest of the Board of Directors, shall deliberate and make recommendations on the policy concerning the compensation, etc. of Directors, and thereupon, the Board of Directors shall resolve and approve the Policy on the Determination of the Details of Compensation, etc. for Individual Directors.

In the process of determining the compensation amounts of each Director (excluding Directors who are Audit and Supervisory Committee Members), the Director in charge of personnel matters, first of all, prepares a draft of the compensation amounts within the given limit based on the business environment, the individual's achievements, and other factors, which is then deliberated by the Nomination and Compensation Committee and the Audit and Supervisory Committee to ensure objectivity and transparency, and, referring to their opinions, the final decision is made by a resolution of the Board of Directors including Outside Directors.

The compensation amount of each Director who is an Audit and Supervisory Committee Member is determined within the given limit through discussions by Directors who are Audit and Supervisory Committee Members.

The compensation of Executive Directors comprises fixed compensation, performance-linked monetary compensation, and share-based compensation. The metrics for the performance-linked monetary compensation mainly consist of the Company's non-consolidated operating profit and consolidated operating profit. The reason why these profit indicators were chosen as metrics for performance-linked compensation was because they best reflect the profitability of the Company's core business. Performance-linked monetary compensation is determined by multiplying the fixed compensation amount that has been set for each position by the performance-based payment ratio that has been determined by comprehensively taking into account the year-on-year changes in non-consolidated operating profit and consolidated operating profit, the personal performance evaluation of each Director, the outlook on the Company's performance in and after the coming fiscal year and other factors, and paid out in the following fiscal year together with the fixed compensation as monthly remunerations. For the results of each level of non-consolidated and consolidated profit, please refer to the non-consolidated and consolidated financial statements. Furthermore, share-based compensation comprises restricted share-based compensation and performance-linked share-based compensation. Restricted share-based compensation is a compensation plan in which restricted shares, for which certain transfer restriction periods have been set, are granted to each Director during his or her term in office. Performance-linked share-based compensation is a compensation plan in which points determined in advance are granted according to the degree of achievement of performance targets for each segment for which each officer is in charge, and the Company's Shares, etc. equivalent to these points are delivered to the Director, etc., at the time of his or her retirement. The performance targets for each segment for which each officer is in charge are set individually for the eligible officers, based on the performance targets set in the Medium-term Management Plan, and consist mainly of financial indicators such as consolidated ROE, as well as non-financial indicators relating to human capital.

The compensation of Outside Directors shall comprise exclusively of fixed compensation in view of their roles independence.