

(English Translation)

This English translation is an abridged version of the original document in Japanese.

In the event of any discrepancy, the Japanese version prevails.

Securities Code 4187

February 4, 2022

To Our Shareholders:

1-8-15 Azuchi-machi, Chuo-ku, Osaka City
OSAKA ORGANIC CHEMICAL INDUSTRY LTD.
Representative Director and CEO Masayuki Ando

Notice of Convocation of the 75th Ordinary General Meeting of Shareholders

Notice is hereby given that the 75th Ordinary General Meeting of Shareholders of OSAKA ORGANIC CHEMICAL INDUSTRY LTD. (the Company) will be held as described below.

To prevent the spread of the new Corona virus, we ask you to refrain from visiting the site as much as possible on the day of the shareholders' meeting. Instead of voting at the meeting, we ask you to submit your votes in writing or online. Please read the following Reference Materials for the General Meeting of Shareholders and submit your votes concerning the proposals by completing and returning the enclosed voting form or entering your votes using the designated website (<https://evote.tr.mufg.jp/>). Votes must be received by no later than 6:00 p.m. on Thursday, February 24, 2022.

1. Date and Time

Friday, February 25, 2022, 10:00 a.m.

2. Place

3-1-3, Azuchi-machi, Chuo-ku, Osaka
Viale Hall, Viale Osaka 4F

(Please refer to the map at the end of this material.)

3. Agenda for the meeting

- Matters to be reported:**
1. Report on the business report and the consolidated financial statements for the 75th fiscal period (from December 1, 2020 to November 30, 2021), and audit results on the consolidated financial statements by the Accounting Auditor and the Board of Auditors
 2. Report on the non-consolidated financial statements for the 75th fiscal period (from December 1, 2020 to November 30, 2021)

Matters to be resolved

- Proposal 1:** Appropriation of Retained Earnings
Proposal 2: Partial Amendments to the Articles of Incorporation
Proposal 3: Election of Six (6) Directors
Proposal 4: Election of One (1) Auditor
Proposal 5: Election of One (1) Substitute Auditor
Proposal 6: Remuneration determination for performance-based stock remuneration for directors (excluding outside directors)

4. Matters Decided for Convocation

Please refer to "Information on Exercising Voting Rights" on page 4.

-
- (1) Please present the enclosed voting form to the receptionist when attending the meeting in person.
 - (2) As “Notes to consolidated financial statements” and “Notes to non-consolidated financial statements” of the documents to be attached to this notice of convocation are posted on our website (<https://www.ooc.co.jp/>) pursuant to the laws and regulations and the provisions in Article 16 of the Company’s Articles of Incorporation, they are not included in this notice.
 - (3) Please note that if any amendment is made to the Reference Materials for the General Meeting of Shareholders, the business report and the consolidated and/or the non-consolidated financial statements, it will be posted on our website (<https://www.ooc.co.jp/>.)

Reference Materials for the General Meeting of Shareholders

Proposal 1: Appropriation of Retained Earnings

We propose the appropriation of retained earnings as follows:

Matters concerning year-end dividends

In consideration of the current performance, we plan to pay dividends from retained earnings for the 75th fiscal year as follows.

1. Type of dividend
Cash
2. Matters relevant to allotment of dividends and total amount to be distributed
The Company proposes a dividend of 25 yen per share of its common shares. Total dividends will be 553,838,025 yen.
(NOTE) The annual dividend for the fiscal year, including the interim dividend, will be ¥50 per share.
3. Effective date of the distribution of retained earnings
February 28, 2022

Proposal 2: Partial Amendment to the Articles of Incorporation

1. Reasons for the Proposal

We will make necessary changes to enable outside directors independent from business execution to serve as the chairperson of the Board of Directors to allow flexible management of the Board and improve the objectivity and transparency of decision-making.

2. Details of the Amendments

The details of the amendments are as follows.

(The underlined parts indicate the amendments.)

Current Articles of Incorporation	Proposed changes
<p>(Convener and Chairperson of the Board of Directors) Article 23 The Board of Directors meetings shall be convened and chaired by the Chairperson of the Board of Directors or the President, except as otherwise provided by law. In the event of an accident to <u>Chairman and Director and Representative Director and CEO</u>, other directors shall perform their roles in the order previously determined by the Board of Directors.</p>	<p>(Convener and Chairperson of the Board of Directors) Article 23 The Board of Directors meetings shall be convened by the Chairman and Director and the Representative Director and CEO, and the meetings shall be <u>chaired by the director previously determined by the Board of Directors</u>, except as otherwise provided by law. <u>Provided, however,</u> in the event of an accident to <u>the relevant director</u>, other directors shall chair the meeting in the order previously determined by the Board of Directors.</p>

Proposal 3: Election of Six (6) Directors

The terms of office of all six (6) directors will expire upon the conclusion of this General Meeting.

Accordingly, we request the election of six directors.

The candidates for Directors are as follows.

Candidate No.	Name	Current position and responsibilities at the Company	The attendance rate at the Board (Number of Attendances/Number of Meetings)
1	Masayuki Ando Reelection	Representative Director and CEO	100% (16 times/16 times)
2	Soichi Honda Reelection	Director Executive Officer General Manager of Administration Division	100% (16 times/16 times)
3	Motomi Ogasawara Reelection	Director Executive Officer General Manager of Business Operation Division and Manager of International Business Department	100% (16 times/16 times)
4	Tetsuya Watanabe New election	Executive Officer General Manager of Corporate Planning Division	—
5	Takayuki Hamanaka Reelection	Director	100% (16 times/16 times)
		Outside Director	
		Independent director	
6	Naoki Enomoto New election	—	—
		Outside Director	
		Independent director	

(Reference)

Professional Skills and Experience of Director Candidates (Skill Matrix)

The professional skills and experience of the director candidates are as follows.

Candidate No.	Name	Knowledge/Experience/Professional Skills								Brief Personal Record/Experience/Qualifications
		Management	ESG	Sales	Technologies	Overseas	Finance/Accounting	Risk/Internal control	Legal Affairs/Laws and Regulations/Public Sector	
1	Masayuki Ando	●		●	●					R&D/Overseas/ Corporate Planning
2	Soichi Honda		●	●			●	●		Sales/Overseas/ Administration
3	Motomi Ogasawara			●	●	●				Sales/Overseas
4	Tetsuya Watanabe		●	●	●					R&D/Sales/ Corporate Planning
5	Takayuki Hamanaka	●	●			●		●	●	Lawyer/ Overseas
6	Naoki Enomoto	●	●				●	●	●	Ministry of Finance/Ministry of Economy, Trade and Industry/ Regional Taxation Bureau



Brief personal record, positions, responsibilities and significant concurrent positions

April 1986	Joined the Company
February 2013	General Manager of R&D Division and Research Institute
February 2014	Director, General Manager of R&D Division
February 2016	Director, General Manager of R&D Division and Advanced Technology Research Institute Head
December 2017	Managing Director, General Manager of R&D Division
February 2018	Managing Director, Executive Officer, General Manager of R&D Division
December 2018	Managing Director Executive Officer, General Manager of Corporate Planning Division and R&D Division/in charge of Research & Business Development Office
December 2019	Director (R&D Division/in charge of Research & Business Development Office) Senior Managing Executive Officer, General Manager of Corporate Planning Division
July 2020	Representative Director and CEO (current)

Date of birth

June 27, 1962

Number of shares of the Company owned

10,800 shares

Reason for nomination as a candidate for director

Since he was elected as a director in 2014, Masayuki Ando has been working to strengthen the new businesses developments by leveraging his experience involving sales, research, and corporate planning divisions. We nominate him as a candidate for director, expecting that he continues to take advantage of these experiences and accomplishments to make management decisions and carry out oversight.

Outline of directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance policy as set forth in Paragraph 1 of Article 430-3 of the Companies Act with the insurance company and shall indemnify the directors and officers who are the insured from any damage that may be caused by the directors and officers taking responsibility for the execution of their duties or receiving a claim on the pursuit of such liability. Provided, however, that there are certain immunity reasons, such as the damages caused by actions taken recognizing that they violate laws, shall not be covered. Masayuki Ando is currently a director of the Company and is included in the insured of such insurance policy. When his reelection is approved, he will continue to be included in the insured of the insurance policy, and we plan to renew it with the same terms during his term of office.



Brief personal record, positions, responsibilities and significant concurrent positions

April 1990	Joined the Company
December 2015	General Manager of Administration Division
February 2016	Director, General Manager of Administration Division
April 2016	Director, General Manager of Administration Division and Manager of Human Resources Department
December 2017	Director, General Manager of Administration Division
February 2018	Director, Executive Officer, General Manager of Administration Division (current)

Date of birth

July 12, 1966

Number of shares of the Company
owned

10,161 shares

Reason for nomination as a candidate for director

Since he was elected as a director in 2016, Soichi Honda has been working to strengthen the administrative division by leveraging his wealth of experience at the Company. We nominate him as a candidate for director, expecting that he continues to take advantage of these experiences and accomplishments to make management decisions and carry out oversight.

Outline of directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance policy as set forth in Paragraph 1 of Article 430-3 of the Companies Act with the insurance company and shall indemnify the directors and officers who are the insured from any damage that may be caused by the directors and officers taking responsibility for the execution of their duties or receiving a claim on the pursuit of such liability. Provided, however, that there are certain immunity reasons, such as the damages caused by actions taken recognizing that they violate laws, shall not be covered. Soichi Honda is currently a director of the Company and is included in the insured of such insurance policy. When his reelection is approved, he will continue to be included in the insured of the insurance policy, and we plan to renew it with the same terms during his term of office.



Brief personal record, positions, responsibilities and significant concurrent positions

April 1988	Joined the Company
December 2017	Director, General Manager of Business Operation Division and Manager of Chemical Sales Department
January 2018	Representative Director of Osaka Organic Chemical (Shanghai) Trading Ltd. (current)
February 2018	Director, Executive Officer, General Manager of Business Operation Division and Manager of Chemicals Sales Department and in charge of Affiliated Companies
December 2018	Director, Executive Officer, General Manager of Business Operation Division and in charge of Affiliated Companies
December 2021	Director, Executive Officer, General Manager of Business Operation Division and General Manager of Overseas Business Division of the Company (current)

Date of birth

February 8, 1964

Number of shares of the Company owned

8,100 shares

Reason for nomination as a candidate for director

Since he was elected as a director in 2018, Motomi Ogasawara has been working to strengthen the sales division by leveraging his wealth of experience in the division. We nominate him as a candidate for director, expecting that he continues to take advantage of these experiences and accomplishments to make management decisions and carry out oversight.

Outline of directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance policy as set forth in Paragraph 1 of Article 430-3 of the Companies Act with the insurance company and shall indemnify the directors and officers who are the insured from any damage that may be caused by the directors and officers taking responsibility for the execution of their duties or receiving a claim on the pursuit of such liability. Provided, however, that there are certain immunity reasons, such as the damages caused by actions taken recognizing that they violate laws, shall not be covered. Motomi Ogasawara is currently a director of the Company and is included in the insured of such insurance policy. When his reelection is approved, he will continue to be included in the insured of the insurance policy, and we plan to renew it with the same terms during his term of office.



Brief personal record, positions, responsibilities and significant concurrent positions

April 1995	Joined the Company
July 2020	Executive Officer, General Manager of Corporate Planning Division (current)

Date of birth

June 3, 1970

Number of shares of the Company owned

11,500 shares

Reason for nomination as a candidate for director

Tetsuya Watanabe has been working to strengthen the Corporate Planning Division by leveraging his wealth of experience in the R&D division. We nominate him as a candidate for director, expecting that he takes advantage of these experiences and accomplishments to make management decisions and carry out oversight.

Outline of directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance policy as set forth in Paragraph 1 of Article 430-3 of the Companies Act with the insurance company and shall indemnify the directors and officers who are the insured from any damage that may be caused by the directors and officers taking responsibility for the execution of their duties or receiving a claim on the pursuit of such liability. Provided, however, that there are certain immunity reasons, such as the damages caused by actions taken recognizing that they violate laws, shall not be covered. Tetsuya Watanabe is currently a director of the Company and is included in the insured of such insurance policy. When his election is approved, he will continue to be included in the insured under such insurance policy, and we plan to renew it with the same terms during his term of office.



Brief personal record, positions, responsibilities and significant concurrent positions

April 1998	Registered as an attorney-at-law (Osaka Bar Association), Admitted to Showa Law Office (current Habataki Law Office)
July 2005	Earned EU Law LL.M. at Faculty of Law, Catholic University of Leuven Law School in Belgium
July 2005	Joined Linklaters in EU Brussels Office, Competition Law Department
December 2007	Partner of Habataki Law Office (current)
February 2016	Director of the Company (current)

Date of birth

June 9, 1970

Number of shares of the Company owned

— Shares

Reasons for nomination as a candidate for outside director and expected roles

We nominate Takayuki Hamanaka as a candidate for an outside director as we determined that he could offer useful comments regarding the Company's management from an objective and neutral standpoint, given his wealth of experience and deep insight as an attorney.

Registration as an independent director

The Company has notified the Tokyo Stock Exchange of Takayuki Hamanaka as an independent director.

No. of years since assuming office as an outside director of the Company

Takayuki Hamanaka's term of office as an outside director of the Company will be six years upon the conclusion of this General Meeting of the Shareholders.

Terms of limited liability agreement

We have entered into a limited liability agreement with Takayuki Hamanaka as stipulated in Article 427, Paragraph 1 of the Companies Act based on the provisions of the Company's Articles of Incorporation. We plan to extend the agreement when he is reelected.

The limit amount of liability for damages under the relevant agreement is stipulated by law.

Outline of directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance policy as set forth in Paragraph 1 of Article 430-3 of the Companies Act with the insurance company and shall indemnify the directors and officers who are the insured from any damage that may be caused by the directors and officers taking responsibility for the execution of their duties or receiving a claim on the pursuit of such liability. Provided, however, that there are certain immunity reasons, such as the damages caused by actions taken recognizing that they violate laws, shall not be covered. Takayuki Hamanaka is currently a director of the Company and is included in the insured of such insurance policy. When his reelection is approved, he will continue to be included in the insured of the insurance policy, and we plan to renew it with the same terms during his term of office.



Brief personal record, positions, responsibilities and significant concurrent positions

April 1985	Joined the Ministry of Finance (currently the Ministry of Finance)
July 1991	Customs district tax office director
May 1999	Counselor, Japanese Embassy in Malaysia
July 2002	Director for the Minister's Secretariat (Minister's Secretariat Accounts Division)
July 2003	Director of Collection Department, Tokyo Regional Taxation Bureau
July 2004	Director for Defense Industry, Aerospace and Defense Industry Division, Manufacturing Industry Bureau, Ministry of Economy, Trade and Industry
July 2006	Director, Balance of Payments, Foreign Exchange Markets Division, International Bureau
July 2008	Director for Fiscal Investment and Loan Appropriation, Finance Bureau (Cabinet/Finance, Agriculture, Forestry and Fisheries/Environment, Economy, Trade and Industry, in charge of Land, Infrastructure and Transportation)
July 2009	Director, Finance Division, Bureau of Finance and Equipment, Ministry of Defense
July 2011	Director, Policy Planning and Research Division, Minister's Secretariat
September 2012	Counselor, Office in Charge of the Nuclear Damage Compensation Facilitation Corporation, Cabinet Office
July 2014	Director-General, Tohoku Local Finance Bureau
June 2015	Member of the Board of Directors, Managing Executive Officer, Development Bank of Japan Inc.
July 2017	Director-General, Fukuoka Regional Taxation Bureau
July 2018	Director-General, Osaka Regional Taxation Bureau
August 2020	Director-General, Tokyo Custom-House
November 2021	Adviser, Sompo Japan Insurance Inc. (current)

Date of birth

October 29, 1962

Number of shares of the Company owned

— Shares

Reasons for nomination as a candidate for outside director and expected roles

We nominate Naoki Enomoto as a candidate for an outside director as we determined that he could offer useful comments regarding the Company's management from an objective and neutral standpoint since he has a wealth of experience and deep insight based on his operational experience at the Ministry of Finance, the Ministry of Economy, Trade and Industry, and other organizations.

Registration as an independent director

We plan to designate Naoki Enomoto as an independent officer when his election is approved as he meets the requirements for independent officer stipulated in the Securities Listing Regulations of the Tokyo Stock Exchange.

Terms of limited liability agreement

We plan to enter into a limited liability agreement with Naoki Enomoto as stipulated in Article 427, Paragraph 1 of the Companies Act based on the provisions of the Company's Articles of Incorporation when he is elected and assumes the office. The limit amount of liability for damages under the relevant agreement is stipulated by law.

Outline of directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance policy as set forth in Paragraph 1 of Article 430-3 of the Companies Act with the insurance company and shall indemnify the directors and officers who are the insured from any damage that may be caused by the directors and officers taking responsibility for the execution of their duties or receiving a claim on the pursuit of such liability. Provided, however, that there are certain immunity reasons, such as the damages caused by actions taken recognizing that they violate laws, shall not be covered. When Naoki Enomoto's election is approved, he will be included in the insured under such an insurance policy. We plan to renew it with the same terms during his term of office.

(Note) There is no special interest between any of the candidates and the Company.

Proposal 4: Election of One (1) Auditor

The terms of office of Yoko Hiyama, auditor, will expire upon conclusion of this General Meeting. Accordingly, we would like to request the election of one auditor.

We have obtained consent from the Board of Auditors on this proposal.

The candidate for an auditor is as follows.

Tomoko Takase

New election

Outside Director

Independent



Brief history, position, and status of important concurrent positions

April 2000	Registered as an attorney-at-law
April 2000	Admitted to Takao Matsui Law Office
June 2002	Admitted to TAIHEIYO LAW OFFICES
October 2009	Admitted to Murata Futaba Law Office (current ARCUS PARTNERS) and assumed the position of partner (current)

Date of birth

June 24, 1971

Number of shares of the Company owned

— Shares

Reasons for nomination as a candidate for an outside auditor

We would like to request you to elect Tomoko Takase as an outside auditor as we expect that she oversees our management from the legal and compliance perspectives taking advantage of her expertise and experience cultivated as an attorney.

Registration as an independent director

We plan to designate Tomoko Takase as an independent director when her election is approved as she meets the requirements for independent director stipulated in the Securities Listing Regulations of the Tokyo Stock Exchange.

Terms of limited liability agreement

We plan to enter into a limited liability agreement with Tomoko Takase as stipulated in Article 427, Paragraph 1 of the Companies Act based on the provisions of the Company's Articles of Incorporation when she is elected and assumes the office. The limit amount of liability for damages under the relevant agreement is stipulated by law.

Outline of directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance policy as set forth in Paragraph 1 of Article 430-3 of the Companies Act with the insurance company and shall indemnify the directors and officers who are the insured from any damage that may be caused by the directors and officers taking responsibility for the execution of their duties or receiving a claim on the pursuit of such liability. Provided, however, that there are certain immunity reasons, such as the damages caused by actions taken recognizing that they violate laws, shall not be covered. When Tomoko Takase's election is approved, she will be included in the insured under such insurance policy, and we plan to renew it with the same terms during her term of office.

(Note) There is no special interest between the candidates and the Company.

Proposal 5: Election of One (1) Substitute Auditor

We would like to request you to elect one substitute auditor in advance in case the auditors may fall short of the number stipulated by law.

This proposal requests you to elect Kiyoshi Tsujimoto as a substitute auditor for Tomoko Takase, outside auditor subject to the approval of Proposal 4 “Election of One (1) Auditor” as originally proposed.

The effectiveness of the election proposal may be invalidated only before he assumes the office with the consent of the Board of Auditors and by the resolution of the Board of Directors. We have obtained consent from the Board of Auditors on this proposal. The Candidates for substitute auditor is as follows.

Kiyoshi Tsujimoto

New election

Outside Auditor

Independent



Brief history, position, and status of important concurrent positions

April 2000	Registered as an attorney-at-law
April 2000	Admitted to Muratsuji Law Office
July 2001	Registration as a patent attorney
March 2003	Admitted to and assumed the position of deputy director at Tsujimoto Law and Patent Firm
March 2006	Registered to New York State Bar Association
April 2006	Visiting Professor, Yamaguchi University (current)
January 2009	Director, Tsujimoto Law and Patent Firm (current)
November 2020	Outside Director of Asterisks Co., Ltd. (current)

Date of birth

January 20, 1973

Number of shares of the Company owned

— Shares

Reasons for nomination as a candidate for substitute outside auditor

We would like to request you to elect Kiyoshi Tsujimoto as a candidate for substitute outside auditor as we expect that he oversees our management from the legal and compliance perspectives taking advantage of his expertise and experience cultivated as an attorney when he assumes a position as an auditor.

Registration as an independent director

We plan to notify the Tokyo Stock Exchange of Kiyoshi Tsujimoto, a candidate for substitute outside auditor as an independent director if elected and assumes the office of auditor.

Terms of limited liability agreement

We plan to enter into a limited liability agreement with Kiyoshi Tsujimoto, candidate for substitute outside auditor, as stipulated in Article 427, Paragraph 1 of the Companies Act based on the provisions of the Company's Articles of Incorporation if he is elected and assumes the office of auditor. The limit amount of liability for damages under the relevant agreement is stipulated by law.

Outline of directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance policy as set forth in Paragraph 1 of Article 430-3 of the Companies Act with the insurance company and shall indemnify the directors and officers who are the insured from any damage that may be caused by the directors and officers taking responsibility for the execution of their duties or receiving a claim on the pursuit of such liability. Provided, however, that there are certain immunity reasons, such as the damages caused by actions taken recognizing that they violate laws, shall not be covered. When Kiyoshi Tsujimoto assumes the office of auditor, he will be included in the insured under such insurance policy, and we plan to renew it with the same terms during her term of office.

(Note) There is no special interest between the candidates and the Company.

Proposal 6: Remuneration determination for performance-based stock remuneration for directors
(excluding outside directors)

The amount of remuneration, etc. for directors of the Company was approved at an annual amount of ¥360 million or less (but not including salary for employees) at the 60th Ordinary General Meeting of Shareholders held on February 23, 2007. In addition, the amount of restricted stock remuneration for internal directors separate from the amount mentioned above was approved at an annual amount of ¥10 million or less (but not including salary for employees) at the 71st Ordinary General Meeting of Shareholders held on February 27, 2018.

After deliberation by the Remuneration Advisory Committee, the Company has reviewed the executive remuneration system for the Company's directors (excluding outside directors, hereinafter the "Eligible Directors"). Accordingly, the Company intends to introduce the Performance-based Stock Remuneration System (hereinafter the "System") under which the Company delivers the Company's common shares and grants money according to the performance goal attainment level aiming for providing incentives for sustained improvements in the Company's corporate value, further clarifying the interrelation between the remuneration of the Eligible Directors and the Company's performance and share value, and promoting further sharing of values with shareholders. Based on the System, the Company would like to grant monetary claims and money to deliver the Company's common shares separate from the remuneration framework mentioned above for the Eligible Directors.

For the number of the Company's common shares and the amount of money to be delivered to the Eligible Directors under the System, the standard number of shares to be delivered per position rank (hereinafter the "Standard No. of Shares to be Delivered") is determined in advance by the Board of Directors as described later in [Outline of this System.] Based on this Standard No. of Shares to be Delivered, the portion to be delivered in the form of shares and the portion to be paid in cash will be divided according to share delivery ratio and cash payment ratio, and it becomes final according to the performance goal attainment level.

The total of the Standard No. of Shares to be Delivered shall not exceed 40,000 shares per annum (provided, however, that the aggregate number of shares will be adjusted to the extent reasonable if share splits (including allotments of the Company's shares without contribution) or reverse share splits of the Company's common shares are made, or any other event requiring adjustment to the aggregate number of the Company's common share to be issued or disposed under the System occurs on or after the date the Proposal is approved and passed. The same applies concerning the upper limit of the Standard No. of Shares to be Delivered, the upper limit of the amount of money claims and money and the number of shares to be delivered.), and the total amount of the monetary claims (properties contributed in kind to deliver the Company's common shares,) and money to be granted to the Eligible Directors shall be up to the amount (provided, however, that the salary for employees is not included) obtained by the 40,000 shares of the Company's common share multiplied by the share price at the time of delivery (please refer to "Outline of the System" (1) (*5) to be described below), respectively. In addition, the timing and

details of specific payments to each Eligible Director will be determined separately by the Board of Directors. However, after the elapse of the period subject to performance evaluation predetermined by the Board of Directors (the "Performance Evaluation Period"), the Company assumes to make a payment in a lump sum equivalent to the compensation for the execution of duties over multiple fiscal years corresponding to the Performance Evaluation Period.

Currently, the Company has six directors (of which two are outside directors.) If Proposal 3 "Election of Six (6) Directors" is approved as originally proposed, the Company will continue to have six directors (including two outside directors.)

In addition, at the time of delivery of shares, the Eligible Directors shall pay all money claims granted under the System as properties contributed in kind under a resolution of the Company's Board of Directors and shall be issued or disposed of the Company's common shares. The total number of the Company's common shares to be issued or disposed of shall not exceed 40,000 shares per year. However, as mentioned above, money claims related to the System are assumed to be paid in a lump sum after the elapse of the Performance Evaluation Period predetermined by the Board of Directors, in an amount equivalent to the consideration for the execution of duties over multiple fiscal years corresponding to the Performance Evaluation Period, and the total number of the shares mentioned above is also determined assuming such a case.

The amount to be paid per share shall be the closing price of the Company's common share on the Tokyo Stock Exchange on the business day prior to the day of resolution of each Board of Directors meeting (if a transaction is not closed on the same day, the closing price on the most recent trading day prior to that date.)

Furthermore, the terms of the remuneration, the maximum amount of remuneration, the total number of the Company's common shares to be issued or disposed of, and the other conditions for delivery of the Company's common shares and payment of cash to the Eligible Directors under this Proposal have been determined in consideration of the above objectives, our business conditions, the policy regarding the determination of the remuneration for individual directors (If this proposal is approved, we plan to change the relevant policy to the one described in the [Reference] below, so that it will be consistent with the approved content.) and various other circumstances. Therefore, we believe it is appropriate.

[Overview of the System]

This System is a performance-based stock remuneration system that grants the Eligible Directors with the delivery of the Company's common shares and cash after the end of the Performance Evaluation Period, depending on the status of performance during the Performance Evaluation Period as remuneration for the period from the date of the Ordinary General Meeting of Shareholders held first after the start of the Performance Evaluation Period to the time immediately before the conclusion of the Ordinary General Meeting of Shareholders to be held first after the end of the Performance Evaluation Period (hereinafter the "Service Provision Period".) The Company's Board of Directors shall determine in advance the specific Performance Evaluation Period within

the range of one to five years and for the performance indicators (hereinafter the "Performance Evaluation Indicators") one or more Performance Evaluation Indicators such as consolidated ROE and consolidated operating margin.

The following table is scheduled for the initial Performance Evaluation Period, the Service Provision Period by the Eligible Director, and the Performance Evaluation Indicators. Even after the end of the initial Performance Evaluation Period, the Company may continue to implement this System to the extent approved in this Proposal.

<Reference: Initial Performance Evaluation Period, Service Provision Period and Performance Evaluation Indicators>

Performance Evaluation Period	Three years from the fiscal year ending November 30, 2022, to the fiscal year ending November 30, 2024
Service Provision Period	From the date of the Ordinary General Meeting of Shareholders to be held in 2022 to the time immediately preceding the conclusion of the Ordinary General Meeting of Shareholders to be held in 2025
Performance Evaluation Indicators	3-year average consolidated ROE, 3-year average consolidated operating margin

- (1) Calculation method of the number of shares to be delivered, and amounts for money claims and money

We determine the Standard No. of Shares to be Delivered based on the formula stated in (1) below, calculate the number of the Company's common shares to be delivered to each Eligible Director (hereinafter the "Final No. of Shares to be Delivered") based on the formula stated in (2), calculate the amount of money claims to be granted to each Eligible Director based on the formula stated in (3), and calculate the amount of money to be granted to each Eligible Director (hereinafter the "Final Payment Amount") based on the formula stated in (4). However, if the total Standard No. of Shares to be Delivered to each Eligible Director based on the results calculated by the formula (1) is likely to exceed the numeric cap (40,000 shares,) the Company will reduce the Standard No. of Shares to be Delivered to each Eligible Director within such numeric cap by a reasonable method, such as proportional allocation.

- (1) Standard No. of Shares to be Delivered
 $\text{Stock remuneration base amount per position for Eligible Directors} \times (*1) / \text{Base share price} \times (*2)$
- (2) Final No. of Shares to be Delivered (*3)
 $\text{Standard No. of Shares to be Delivered} \times \text{Performance goal attainment level} \times (*4) \times \text{Portion to be delivered in the form of shares (50\%)}$
- (3) Amount of money claims to be granted to each Eligible Director
 $\text{Final No. of Shares to be Delivered} \times \text{Share price at the time of delivery} \times (*5)$
- (4) Final Payment Amount to be granted to each Eligible Director
 $\text{Standard No. of Shares to be Delivered} \times \text{Performance goal attainment level} \times \text{Cash payment ratio (50\%)} \times \text{Share price at the time of grant}$

(*1) The Board of Directors of the Company shall determine in advance.

(*2) The closing price of the Company's common share on the Tokyo Stock Exchange on the business day prior to the resolution of the Company's Board of Directors at which the specific amounts of the stock remuneration base amount per position are determined (if a transaction is not closed on the same day, the closing price on the most recent trading day prior to that date.)

- (*3) If a fraction less than the share unit results from the calculation, it shall be rounded down.
- (*4) It shall be determined in advance by the Company's Board of Directors within the range of 0% to 200% depending on the attainment level of each Performance Evaluation Indicator during the Performance Evaluation Period.
- (*5) The closing price of the Company's common share on the Tokyo Stock Exchange on the business day prior to the resolution of the Company's Board of Directors related to the issuance or disposition of the Company's common stock after the end of the Performance Evaluation Period (if a transaction is not closed on the same day, the closing price on the most recent trading day prior to that date.)

(2) Terms of the delivery of the Company's common share and cash payment to the Eligible Directors

In principle, we will deliver the Company's common share and make cash payment as calculated in accordance with (1) above to the Eligible Directors after the end of the Performance Evaluation Period, provided that the Eligible Director satisfies the following conditions.

- (1) The Eligible Director had continuously held the position of director of the Company during the Service Provision Period.
- (2) Had not engaged in certain illegal activity as determined by the Company's Board of Directors
- (3) Had fulfilled the other requirements that the Company's Board of Directors deems necessary to achieve the purpose of the System.

In addition, in the event the Eligible Director left the office due to justifiable ground or death during the Service Provision Period, the Company shall make cash payment only in lieu of the delivery of the Company's common shares under the System. The amount of money to be granted to the Eligible Director shall be the amount obtained by the Standard No. of Shares to be Delivered, which is reasonably adjusted for the term of office and the performance goal attainment level of the relevant director multiplied by the closing price of the Company's common share on the Tokyo Stock Exchange on the date of resignation of such Eligible Director (if a transaction is not closed on the same day, the closing price on the most recent trading day prior to that date.) Regardless of the cap amount of the money claims and the cap amount of cash mentioned above, the total amount of money to be granted to the Eligible Director in such cases is limited to an amount obtained by 80,000 shares (the sum of 40,000 shares, which is the assumption of the cap amount of money claims for the delivery of shares, and 40,000 shares, which is the assumption of the cap amount of cash), multiplied by the market price on the date of resignation (the closing price of the Company's common share on the Tokyo Stock Exchange on the date of resignation (if a transaction is not closed on the same day, the closing price on the most recent trading day prior to that date,)) and if it is likely to exceed such amount, the Company will reduce it within such cap amount by a reasonable method, such as proportional allocation.

- (3) Treatments in the event of organization restructuring, etc.
- In the event that the Company's general meeting of shareholders (provided, however, that in the event the approval by the Company's general meeting of shareholders is not required for the relevant organization restructuring, the Company's Board of Directors) approved merger agreement in which the Company shall be disappearing company, share exchange agreement or share transfer plan in which the Company shall be a wholly-owned subsidiary, or the matters related to other organization restructuring, etc. during the Service Provision Period (provided, however, that it is limited to the case where the effective date of such organization restructuring, etc. is scheduled to arrive before the date of the issuance or disposition of the Company's common shares under the System,) the Company shall make cash payment only in lieu of the delivery of the Company's common shares under the System. The amount of money to be granted to the relevant director shall be the amount obtained by multiplying the Standard No. of Shares to be Delivered reasonably adjusted according to the term of office of the director and the performance goal attainment level within the range of the total amount of money claims and money stated above by the closing price of the Company's common share on the Tokyo Stock Exchange on the business day prior to the approval date of the relevant organization restructuring, etc. (if a transaction is not closed on the same day, the closing price on the most recent trading day prior to that date.) Regardless of the cap amount of the money claims and the cap amount of cash mentioned above, the total amount of money to be granted to the Eligible Director in such cases is limited to an amount obtained by 80,000 shares (the sum of 40,000 shares, which is the assumption of the cap amount of money claims for the delivery of shares, and 40,000 shares, which is the assumption of the cap amount of cash), multiplied by the market price on the business day prior to the date of approval of such organization restructuring (the closing price of the Company's common share on the Tokyo Stock Exchange on the date of such approval (if a transaction is not closed on the same day, the closing price on the most recent trading day prior to that date,)) and if it is likely to exceed such amount, the Company will reduce it within such cap amount by a reasonable method, such as proportional allocation.

[Reference] Proposed changes to the policy on determining the details of Individual remuneration, etc. for directors

The Company has established the remuneration advisory committee, chaired by an outside director, as an advisory body to the Board of Directors. The submission of Proposal 6 to this General Meeting of Shareholders was determined by the resolution of the Company's Board of Directors after deliberation by the remuneration advisory committee. If Proposal 6 is approved and passed as originally proposed, the revised remuneration system will be applied to the remuneration from the 76th fiscal term.

Matters related to the determination policy concerning the details of Individual remuneration, etc. for directors

In accordance with our management philosophy, the Company determine the remuneration system and remuneration level for directors and auditors to expand mid to long term business performance and increase corporate value.

The remuneration for directors consists of monthly remuneration as base remuneration, annual bonuses as performance-based remuneration, performance-based stock remuneration and restricted stock remuneration. The remuneration for outside directors and auditors consists only of monthly remuneration as base remuneration from the perspectives of their roles and independence.

The policy regarding the determination of the amount of remuneration, etc. for officers and its calculation method, are deliberated by the remuneration advisory committee chaired by an outside director and approved and determined by the Board of Directors.

Type of Remuneration	Objectives and Overview
Monthly Remuneration	Fixed monthly cash remuneration set according to position
Annual Bonus	Performance based cash remuneration to evaluate the steady goal achievement for each fiscal year Calculate based on year-on-year comparisons of consolidated results (sales, operating income, EBITDA), which are key management indicators, to clarify responsibility for results for a single fiscal year Determine the payment rate within the range of 0% to 200% of the base amount, depending on the goal attainment level Pay in a lump sum after the end of the applicable fiscal year
Performance-based stock remuneration	After the fact delivery type performance-based stock remuneration to provide directors excluding outside directors (Eligible Directors) with incentives for sustained improvements in the Company's corporate value, further clarify the interrelation between the remuneration of the Eligible Directors and the Company's performance and share value, and promote further sharing of values with shareholders Determine the number of shares to be delivered within the range of 0% to 200% depending on the attainment level of the performance goal, etc., during the Performance Evaluation Period (*). Share delivery in a lump sum after the end of the Performance Evaluation Period
Restricted stock remuneration	Before the fact delivery type stock remuneration (transfer restriction period is three years) to provide directors excluding outside directors (Eligible Directors) with incentives for sustained improvements in the Company's corporate value and promote further sharing of values with shareholders

(※) With regard to the System, the initial Performance Evaluation Period will be three years from the fiscal year ending November 2022 to the fiscal year ending November 2024. The Company plans to adopt three-year average consolidated ROE and three-year average consolidated operating margin as indicators of the performance evaluation target for the initial Performance Evaluation Period.

<Ratio of base remuneration and performance-based remuneration>

Officers classification		Basic remuneration	Performance-based remuneration (base amount)			Ratio of base remuneration and performance-based remuneration
		Monthly Remuneration	Annual Bonus	Performance-based stock remuneration	Restricted stock remuneration	
Director (excluding Outside Directors)	Chairperson	100	36	24	17	100/77
	Representative Director and CEO	100	72	48	33	100/153
	Executive Officer	100	36	24	17	100/77

End of note