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(Securities Code 4521)
June 7, 2022

To Our Shareholders:

Hiroyuki Horiuchi
President and Representative Director
KAKEN PHARMACEUTICAL CO., LTD.
28-8, Honkomagome 2-chome, Bunkyo-ku, Tokyo, Japan

NOTICE OF CONVOCATION
THE 102nd ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

You are hereby informed that the 102nd Ordinary General Meeting of Shareholders of KAKEN PHARMACEUTICAL CO., LTD. (the “Company”) (the “Meeting”) will be held for the purposes as described below.

In order to prevent the spread of the novel coronavirus (COVID-19) infection, we request our shareholders to exercise their voting right in writing or via the Internet in advance as much as possible, and refrain from attending the Meeting in person regardless of your health condition. If you exercise your voting right in writing or via the Internet, please review the Reference Documents for the Meeting (attached hereto) and exercise your voting right by 5:30 p.m. on Tuesday, June 28, 2022 (Japan standard time).

[Exercising voting rights in writing]

Please indicate your approval or disapproval for the proposals on the enclosed Voting Rights Exercise Form and return it to the Company so that it is received by the deadline above.

[Exercising voting rights via the Internet]

Please refer to “Exercising Voting Rights via the Internet” on pages 3 and 4 of the Japanese original version (in Japanese only) and follow the on-screen instructions to enter your approval or disapproval for the proposals by the deadline above.

If voting rights are exercised both in writing and via the Internet, the vote submitted via the Internet shall be treated as the valid exercise of voting rights.

If voting rights are exercised via the Internet more than once, the final vote submitted shall be treated as the valid exercise of voting rights.

- 1. Date and Time:** Wednesday, June 29, 2022 at 10:00 a.m. (Japan standard time) (reception desk opens at 9:00 a.m.)
- 2. Place:** TKP GARDEN CITY PREMIUM Jimbocho, Premium Ballroom
TERRACE SQUARE 3F, 3-22, Kanda Nishiki-cho, Chiyoda-ku, Tokyo, Japan
*Please be reminded that the Meeting will be held at a different place from last year. We would like to kindly request that you refer to the final page of the Japanese original version of the “Guideline for the General Meeting of Shareholders” for the location and directions (in Japanese only).
- 3. Meeting Agenda:**
- Matters for Reporting:**
1. Report on Business Operations, Consolidated Financial Statements, and the audit reports by the Accounting Auditor and the Board of Corporate Auditors on the Consolidated Financial Statements for the Company’s 102nd Fiscal Year (April 1, 2021 - March 31, 2022)
 2. Non-Consolidated Financial Statements for the Company’s 102nd Fiscal Year (April 1, 2021 - March 31, 2022)
- Matters for Resolution:**
- Proposal No. 1:** Approval for the Appropriation of Surplus
- Proposal No. 2:** Partial Amendments to the Articles of Incorporation
- Proposal No. 3:** Election of Eight Directors
- Proposal No. 4:** Election of Two Corporate Auditors
- Proposal No. 5:** Revision of Performance-Linked Stock Compensation Plan for Directors
- Proposal No. 6:** Grant of Bonuses to Directors
- 4. Other Matters with regard to Convocation of the Meeting:**
- (1) Of the documents to be provided in connection with this Notice, “Systems to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation, other systems to ensure the properness of operations, and the status of operation of the systems” in the Report on Business Operations, “Consolidated Statements of Changes in Net Assets” and “Notes to Consolidated Financial Statements” in the Consolidated Financial Statements and “Non-Consolidated Statements of Changes in Net Assets” and “Notes to Non-Consolidated Financial Statements” in the Non-Consolidated Financial Statements have been provided to shareholders on the Company’s website (<https://www.kaken.co.jp/>), based on the provisions of the relevant laws and Article 20 of the Company’s Articles of Incorporation, hence these documents are not attached to this Notice.
 - (2) As to exercising your voting right by proxy, it can only be entrusted to one shareholder of the Company who also holds a voting right. In this case, a written proof of proxy must be submitted to the Company.

Notes: 1. If you attend the Meeting, please present the enclosed Voting Right Exercise Form at the reception desk at the Meeting.

2. Subsequent amendments to the Reference Documents for the Meeting and the enclosed documents (if any) will be posted on the Company’s website (<https://www.kaken.co.jp/>).

Reference Documents for the Meeting

Proposals and References

Proposal No. 1: Approval for the Appropriation of Surplus

Considering the financial results, future business development, and other factors, the Company proposes to pay the following as the year-end dividend for the fiscal year 2021:

(1) Form of dividends

Cash

(2) Allocation of dividends to shareholders and total amount of allocation

¥75 per common share

Total amount of ¥2,839,265,175

Since the Company has paid the interim dividend of ¥75 per share, the annual dividend for the fiscal year under review will be ¥150 per share.

(3) Effective date of distribution of surplus for dividends

June 30, 2022

Proposal No. 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the proposal

- (1) To provide broader options for a place to hold a general meeting of shareholders in case of natural disasters or accidents, the Company proposes to delete Article 13, Paragraph 2 of the current Articles of Incorporation that restricts the place to convene a general meeting of shareholders.
- (2) The revised provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022, and the Company proposes the following amendments to the Company’s Articles of Incorporation in preparation for the implementation of the system for electronic provision of materials for general meetings of shareholders.
 - (i) Article 20, Paragraph 1 of the proposed amendments stipulates that information that is the content of Reference Documents for Meeting, etc. shall be provided electronically.
 - (ii) Article 20, Paragraph 2 of the proposed amendments establishes stipulations to limits on the scope of matters to be recorded in physical documents that are provided to shareholders who request provision of physical documents.
 - (iii) As stipulations concerning Internet disclosure and deemed provision of Reference Documents for Meetings (Article 20 of the current Articles of Incorporation) will no longer be necessary, these shall be deleted.
 - (iv) Supplementary provisions shall be established concerning the effective date, etc., in line with the new establishments and deletions above.

2. Contents of the amendments

The contents of the amendments are as follows.

(Underlines indicate amended sections)

Current Articles of Incorporation	Proposed amendments
Articles 1-12 (Omitted) (Time and place to convene)	Articles 1-12 (Same as current) (Time and place to convene)
Article 13 An ordinary general meeting of shareholders of the Company shall be convened in June of each year, and an extraordinary general meeting of shareholders shall be convened whenever necessary.	Article 13 (Same as current)
<u>2. A general meeting of shareholders of the Company may be convened at the location of the head office, in the immediate vicinity, or in Urayasu City, Chiba.</u>	(Deleted)
Articles 14-19 (Omitted)	Articles 14-19 (Same as current)

Current Articles of Incorporation	Proposed amendments
<p><u>(Internet disclosure and deemed provision of Reference Documents for Meetings)</u> <u>Article 20</u> In the convocation of general meetings of shareholders, the Company may deem that it has provided to shareholders information concerning matters that must be displayed in the Reference Documents for Meetings, Report on Business Operations, Non-Consolidated Financial Statements, and Consolidated Financial statements via disclosure on the internet in conformity with definitions provided in the Ordinance of the Ministry of Justice.</p> <p>(Newly established)</p>	<p>(Deleted)</p> <p>(Measures for electronic provision, etc.) <u>Article 20</u> In the convocation of general meetings of shareholders, the Company shall electronically provide information which constitutes Reference Documents for Meetings, etc.</p> <p>2. <u>Of the matters to which electronic provision measures apply, the Company may choose not to record all or part of matters that are stipulated in the Ordinance of the Ministry of Justice in the physical documents provided to shareholders who made requests for provision of physical documents by the record date for voting rights.</u></p> <p>Articles 21-44 (Same as current)</p>
<p>Articles 21-44 (Omitted)</p> <p>(Newly established)</p>	<p>(Supplementary provisions)</p> <p>1. <u>Article 20 of the proposed amendments shall take effect from September 1, 2022, the date of enforcement of the revised provisions stipulated in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019); (the “Enforcement Date”).</u></p> <p>2. <u>Notwithstanding the provisions of the previous paragraph, Article 20 of the current Articles of Incorporation (Internet disclosure and deemed provision of Reference Documents for Meetings) shall remain valid for general meetings of shareholders held within six months of the Enforcement Date.</u></p> <p>3. <u>These supplementary provisions shall be deleted on the day after which six months have elapsed since the Enforcement Date or the day after which three months have elapsed since the day of the General Meeting of Shareholders in the previous paragraph, whichever comes later.</u></p>

Proposal No. 3: Election of Eight Directors

Since the Articles of Incorporation of the Company stipulates that the term of office of Director should be one year, the term of all nine Directors of the Company will expire at the closing of the Meeting.

Accordingly, the Company proposes the election of eight Directors (including three Outside Directors). The candidates for Director were determined by the Board of Directors upon deliberation by the Nomination and Compensation Committee, the majority of whose members are Outside Directors.

The candidates for Director are as follows:

No.	Name			Positions and Responsibilities at the Company	Attendance at the Board of Directors' Meetings
1	Male	Hiroyuki Horiuchi	Reappointment	President and Representative Director	100% (16/16 meetings)
2	Male	Yoshio Tanabe	Reappointment	Director, in charge of Regulatory Affairs Division, Legal Affairs & Intellectual Property Department, General Affairs Department, and Drug Information & Marketing Supervision Department	100% (16/16 meetings)
3	Male	Masahiro Matsuura	Reappointment	Director, in charge of Marketing & Sales Division, Business Development Department, and Special Assignments	100% (16/16 meetings)
4	Male	Minoru Ohta	Reappointment	Director, in charge of Accounting & Finance Department, Agrochemical & Animal Health Products Department, and Information System Department	100% (16/16 meetings)
5	Male	Masashi Suzudo	Reappointment	Director, in charge of Production Division and Corporate Planning & Coordination Department General Manager of Corporate Planning & Coordination Department	100% (13/13 meetings)
6	Female	Kiyoko Kamibeppu	Reappointment Outside Independent	Outside Director	100% (16/16 meetings)
7	Male	Shoichiro Takagi	Reappointment Outside Independent	Outside Director	100% (16/16 meetings)
8	Male	Yasutomo Inoue	Reappointment Outside Independent	Outside Director	100% (13/13 meetings)

No.	Name (Date of Birth)	Career Summary, Present Position, Responsibilities, and Significant Concurrent Positions	Number of Shares of the Company Held
1	Hiroyuki Horiuchi (March 21, 1962) Male Reappointment	April 1984 Joined the Company October 2010 General Manager of Hiroshima Branch of the Company April 2014 General Manager of Osaka Branch of the Company July 2015 Corporate Officer, General Manager of Osaka Branch of the Company April 2016 Corporate Officer, General Manager of Marketing & Sales Department of the Company June 2016 Director, General Manager of Marketing & Sales Department of the Company April 2017 Director, Chief Officer of Marketing & Sales Division of the Company June 2018 Managing Director, Chief Officer of Marketing & Sales Division of the Company June 2020 President and Representative Director, Chief Officer of Marketing & Sales Division of the Company June 2021 President and Representative Director of the Company (to present)	5,800 shares
[Reasons for selection as candidate for Director] Mr. Hiroyuki Horiuchi has extensive experience in marketing sections, and has demonstrated achievements as an executive after appointment as President and Representative Director of the Company in 2020. Thus, the Company has determined him to be suitable to continue serving as Director of the Company and selected him as a candidate for Director.			
2	Yoshio Tanabe (March 24, 1955) Male Reappointment	April 1978 Joined Ministry of Foreign Affairs of Japan October 1989 Joined McKinsey & Company, Inc., Japan October 1993 Joined Otsuka Pharmaceutical Co., Ltd. (Board Director status) June 2001 Operating Officer, Otsuka Pharmaceutical Co., Ltd. March 2008 Senior Managing Executive Officer, TOKUHON Corporation June 2008 Senior Managing Director, TOKUHON Corporation April 2009 President and Representative Director, TOKUHON Corporation June 2013 Advisor, TOKUHON Corporation June 2014 Retired TOKUHON Corporation September 2014 Partner, KIZASHI Corporation June 2016 Director of the Company September 2017 Representative Director, Medical Opinion Co., Ltd. April 2020 Resigned from Representative Director, Medical Opinion Co., Ltd. May 2020 Resigned from Partner, KIZASHI Corporation June 2020 Director of the Company (in charge of Legal Affairs & Intellectual Property Department and General Affairs Department) June 2021 Director of the Company (in charge of Regulatory Affairs Division, Legal Affairs & Intellectual Property Department, General Affairs Department, and Drug Information & Marketing Supervision Department) (to present)	2,500 shares
[Reasons for selection as candidate for Director] Mr. Yoshio Tanabe has experience and achievements acquired at the Ministry of Foreign Affairs and through corporate management at numerous companies. The Company believes that Mr. Tanabe will contribute to the Company by providing his insight fostered in previous career to business execution of the Company, and thus the Company has determined him to be suitable to continue serving as Director of the Company and selected him as a candidate for Director.			

No.	Name (Date of Birth)	Career Summary, Present Position, Responsibilities, and Significant Concurrent Positions	Number of Shares of the Company Held	
3	Masahiro Matsuura (August 19, 1969) Male Reappointment	April 1994 April 2016 July 2018 April 2020 June 2020 June 2021	Joined the Company General Manager of Corporate Planning & Coordination Department of the Company Corporate Officer, General Manager of Corporate Planning & Coordination Department of the Company Corporate Officer of the Company (in charge of Business Development Department) Director of the Company (in charge of Business Development Department and Special Assignments) Director of the Company (in charge of Marketing & Sales Division, Business Development Department and Special Assignments) (to present)	3,700 shares
		[Reasons for selection as candidate for Director] Mr. Masahiro Matsuura has extensive experience in marketing sections, and has demonstrated achievements in corporate governance and management strategy after appointment as General Manager of Corporate Planning & Coordination Department in 2016. In addition, Mr. Matsuura has engaged in the in- and out-licensing of pharmaceutical products after assuming the post of Director in 2020. Thus, the Company has determined him to be suitable to continue serving as Director of the Company and selected him as a candidate for Director.		
4	Minoru Ohta (December 19, 1958) Male Reappointment	April 1982 June 2007 July 2009 June 2010 June 2012 June 2014 August 2014 August 2017 June 2020 June 2020 June 2021	Joined The Norinchukin Bank General Manager, Nagoya Branch of The Norinchukin Bank General Manager of JA Bank System Management Division, The Norinchukin Bank Representative Director and President, Kyodo Housing Loan Co., Ltd. Managing Director, The Norinchukin Bank Advisor, Norinchukin Research Institute Co., Ltd. Managing Director, Central Union of Agricultural Cooperatives Representative Director and President, Nochu Business Support Co., Ltd. Resigned from Representative Director and President, Nochu Business Support Co., Ltd. Director of the Company (in charge of Accounting & Finance Department and Agrochemical & Animal Health Products Department) Director of the Company (in charge of Accounting & Finance Department, Agrochemical & Animal Health Products Department and Information System Department) (to present)	800 shares
		[Reasons for selection as candidate for Director] Mr. Minoru Ohta has extensive corporate experience serving at financial institutions. The Company believes that Mr. Ohta will contribute to the Company by providing his insight fostered in his previous career to business execution of the Company, and thus the Company has determined him to be suitable to continue serving as Director of the Company and selected him as a candidate for Director.		

No.	Name (Date of Birth)	Career Summary, Present Position, Responsibilities, and Significant Concurrent Positions	Number of Shares of the Company Held
5	<p>Masashi Suzudo (August 12, 1962)</p> <p>Male</p> <p>Reappointment</p>	<p>April 1985 Joined The Fuji Bank, Limited (currently Mizuho Bank, Ltd.)</p> <p>September 2009 President, ZAO Mizuho Corporate Bank (Moscow)</p> <p>April 2014 General Manager, Global Career Management Division, Mizuho Financial Group, Inc.</p> <p>April 2016 Joined the Company</p> <p>April 2018 General Manager of General Affairs Department of the Company</p> <p>July 2019 Corporate Officer, General Manager of General Affairs Department of the Company</p> <p>April 2020 Corporate Officer, General Manager of Corporate Planning & Coordination Department of the Company</p> <p>June 2021 Director, General Manager of Corporate Planning & Coordination Department of the Company (in charge of Production Division and Corporate Planning & Coordination Department) (to present)</p>	1,700 shares
<p>[Reasons for selection as candidate for Director]</p> <p>With extensive experience and knowledge acquired through international operations at financial institutions, Mr. Masashi Suzudo has served as General Manager of General Affairs Department and then as General Manager of Corporate Planning & Coordination Department after joining the Company. Mr. Suzudo also has abundant insight and achievements in IR, management strategy, and corporate governance. Thus, the Company has determined him to be suitable to continue serving as Director of the Company and selected him as a candidate for Director.</p>			
6	<p>Kiyoko Kamibeppu (April 12, 1955)</p> <p>Female</p> <p>Reappointment</p> <p>Outside Director</p> <p>Independent Director</p>	<p>April 2001 Assistant Professor, Nihonbashi Gakkan University (currently Kaichi International University)</p> <p>April 2002 Assistant Professor, Division of Health Sciences and Nursing, Graduate School of Medicine, the University of Tokyo</p> <p>December 2012 Professor, Division of Health Sciences and Nursing, Graduate School of Medicine, the University of Tokyo</p> <p>June 2019 Director of the Company (current position)</p> <p>May 2020 President, QOL Research Center for Children and Family (current position)</p> <p>March 2021 Resigned from Professor, Division of Health Sciences and Nursing, Graduate School of Medicine, the University of Tokyo</p> <p>April 2022 Professor, Division of Health Sciences, Graduate School of Health and Welfare Sciences, International University of Health and Welfare (current position) (to present)</p> <p>[Significant concurrent positions]</p> <p>President, QOL Research Center for Children and Family</p> <p>Professor, Division of Health Sciences, Graduate School of Health and Welfare Sciences, International University of Health and Welfare</p>	300 shares
<p>[Reasons for selection as candidate for Outside Director and an overview of expected roles]</p> <p>Ms. Kiyoko Kamibeppu has extensive professional expertise and an insight based on experience as a Doctor of Health Science and a Professor of Graduate School. The Company believes that Ms. Kamibeppu will contribute to the Company by providing advice for the medium- to long-term growth of Company based on her specialized knowledge as a Professor of Graduate School and serving as a supervisor of business execution as an independent director, and thus, the Company has selected her again as a candidate for Outside Director for the consecutive term.</p>			

No.	Name (Date of Birth)	Career Summary, Present Position, Responsibilities, and Significant Concurrent Positions	Number of Shares of the Company Held
7	Shoichiro Takagi (January 13, 1961) Male Reappointment Outside Director Independent Director	<p>April 1983 Joined the Japan Tobacco and Salt Public Corporation (currently Japan Tobacco Inc.)</p> <p>November 2002 Representative Director and President, Ipingshang Foods Corporation</p> <p>March 2007 Representative Director and President, Saint-Germain Co., Ltd.</p> <p>June 2011 Member of the Board, Director, Deputy Leader of Pharmaceutical Marketing & Promotion Group, TORII PHARMACEUTICAL CO., LTD.</p> <p>June 2013 Representative Director, President and Chief Executive Officer, TORII PHARMACEUTICAL CO., LTD.</p> <p>March 2019 Resigned from Representative Director, President and Chief Executive Officer, TORII PHARMACEUTICAL CO., LTD.</p> <p>March 2019 Part-time Advisor, Pharmaceutical Business, Japan Tobacco Inc.</p> <p>December 2019 Retired from Japan Tobacco Inc.</p> <p>June 2020 Director of the Company (to present)</p>	200 shares
<p>[Reasons for selection as candidate for Outside Director and an overview of expected roles]</p> <p>Mr. Shoichiro Takagi has experience, achievements, and insight from corporate management at several companies including the pharmaceutical industry. The Company believes that Mr. Takagi will contribute to the Company by providing advice for the medium- to long-term growth of Company based on his knowledge fostered as a corporate manager and serving as a supervisor of business execution as an independent director, and thus, the Company has selected him again as a candidate for Outside Director for the consecutive term.</p>			
8	Yasutomo Inoue (July 14, 1960) Male Reappointment Outside Director Independent Director	<p>April 1999 Registered as attorney at law</p> <p>April 1999 Joined Takahashi Sogo Law Office</p> <p>October 2011 Established Nagahama, Mizuno & Inoue Partner, Nagahama, Mizuno & Inoue (current position)</p> <p>June 2012 Dispute Resolution Committee Member, the General Insurance Association of Japan (current position)</p> <p>September 2015 Outside Auditor, Synchro Food Co., Ltd. (current position)</p> <p>June 2021 Director of the Company (to present)</p> <p>[Significant concurrent positions] Partner, Nagahama, Mizuno & Inoue Outside Auditor, Synchro Food Co., Ltd. Dispute Resolution Committee Member, the General Insurance Association of Japan</p>	0 shares
<p>[Reasons for selection as candidate for Outside Director and an overview of expected roles]</p> <p>As an attorney at law, Mr. Yasutomo Inoue has experience and professional expertise acquired through corporate legal work. The Company believes that Mr. Inoue will contribute to the Company by providing advice for the medium- to long-term growth of Company based on his knowledge as an attorney and serving as a supervisor of business execution as an independent director, and thus, the Company has selected him again as a candidate for Outside Director.</p>			

- (Notes)
1. There is no special interest between the Company and any of the above candidates for Director.
 2. Ms. Kiyoko Kamibeppu, Mr. Shoichiro Takagi and Mr. Yasutomo Inoue are candidates for Outside Directors.
 3. Ms. Kiyoko Kamibeppu, Mr. Shoichiro Takagi and Mr. Yasutomo Inoue have been designated as Independent Directors/Corporate Auditors by the Company under the provisions of Tokyo Stock Exchange, and the notification was submitted to Tokyo Stock Exchange. If their reappointment is approved, the Company will continue to have them serve as Independent Directors/Corporate Auditors.
 4. Although Ms. Kiyoko Kamibeppu does not have any experience in getting directly involved in corporate management before assuming the office of Director of the Company, the Company considers that she can properly carry out her duties as Outside Director due to her extensive professional expertise and an insight based on her experience as a Doctor of Health Science and a Professor of Graduate School. Ms. Kiyoko Kamibeppu's term as Outside Director of the Company will be three years at the closing of the Meeting.
Ms. Kiyoko Kamibeppu serves as a Professor of Health Sciences, Graduate School of Health and Welfare Sciences at International University of Health and Welfare, to which the Company Group makes donations. This donation is not provided to individual professors or the Department of Health and Welfare Sciences with which she is affiliated. In addition, the donation amount is less than 0.1% of the annual total income of the university in the latest fiscal year, and is less than ¥10 million throughout the year, and in light of its amount and nature, the Company considers there is no risk of conflicts of interest with the general shareholders.
There is no business transaction between QOL Research Center for Children and Family and the Company, no donation has been made to QOL Research Center for Children and Family by the Company.
 5. Mr. Shoichiro Takagi's term as Outside Director of the Company will be two years at the closing of the Meeting.
 6. Although Mr. Yasutomo Inoue does not have any experience in corporate management other than as an outside officer, the Company considers that he can properly carry out his duties as Outside Director due to his experience and professional expertise through corporate legal work as an attorney at law. Mr. Yasutomo Inoue's term as Outside Director of the Company will be one year at the closing of the Meeting.
There are no advisory agreements between Nagahama, Mizuno & Inoue and the Company. There are no business transactions between Synchro Food Co., Ltd., or the General Insurance Association of Japan and the Company.
 7. TORII PHARMACEUTICAL CO., LTD., where Mr. Shoichiro Takagi served as Representative Director, President and Chief Executive Officer until March 2019, was subject to a cease and desist order and a surcharge payment order under the Antimonopoly Act from the Japan Fair Trade Commission in March 2020 for the sale of the "Calvan Tablets" conducted during his tenure.
 8. The Company has agreements with Ms. Kiyoko Kamibeppu, Mr. Shoichiro Takagi and Mr. Yasutomo Inoue to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act in accordance with the provisions of Article 427, Paragraph 1 of the said Act, to the minimum amount provided by laws and regulations. If Ms. Kiyoko Kamibeppu, Mr. Shoichiro Takagi and Mr. Yasutomo Inoue are reappointed at the Meeting, the Company will continue the said agreements with them.
 9. Mr. Yasutomo Inoue, a candidate for Director, holds equity interest equivalent to 19 shares of the Company in the Officer Shareholding Association.
 10. The Company has entered into a directors and officers liability insurance contract that insures Directors with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. This insurance covers damages which may be incurred by Directors as a result of execution of their duties and assuming liability for such execution duties. Each candidate, if elected, will be included as the insured under the insurance contract. The Company plans to renew the contract with the same terms and condition at the time of the next renewal.

Proposal No. 4: Election of Two Corporate Auditors

At the closing of the Meeting, Corporate Auditor Naomi Doi's term will expire, and Corporate Auditor Atsutada Iwamoto will resign.

The Company proposes the election of two Corporate Auditors.

The Board of Corporate Auditors has already given its approval to this proposal.

The candidates for Corporate Auditor are as follows:

No.	Name (Date of Birth)	Career Summary, Present Position, and Significant Concurrent Positions		Number of Shares of the Company Held
1	Naomi Doi (November 14, 1958) Male Reappointment	April 1990 April 2010 April 2012 April 2018 June 2018	Joined the Company General Manager of R&D Administration Center General Manager of R&D Quality Assurance Department Senior Manager of R&D Quality Assurance Department Standing Corporate Auditor of the Company (to present)	4,100 shares
	[Reasons for selection as candidate for Corporate Auditor] Mr. Naomi Doi has broad knowledge and insight regarding the Group's business based on his extensive experience and achievements in the R&D Division including as General Manager of R&D Quality Assurance Department. Thus, the Company has determined him to be suitable to continue serving as Corporate Auditor of the Company and selected him as a candidate for Corporate Auditor.			
2	Kazumori Ishiguro (February 8, 1963) Male New Candidate	April 1986 July 2011 April 2014 April 2016 April 2019	Joined the Company General Manager of Sendai Branch of the Company General Manager of Tokyo Branch of the Company General Manager of Osaka Branch of the Company Deputy General Manager of General Affairs Department in charge of Secretary Team of the Company (to present)	0 shares
	[Reasons for selection as candidate for Corporate Auditor] Mr. Kazumori Ishiguro has broad knowledge and insight regarding the Group's business based on his extensive experience in marketing sections and achievements as General Manager in the Tokyo branch and other branches. Thus, the Company has determined him to be suitable to serve as Corporate Auditor of the Company and selected him as a candidate for Corporate Auditor.			

- (Notes) 1. There is no special interest between the Company and the above candidates for Corporate Auditor.
2. Mr. Kazumori Ishiguro, a candidate for Corporate Auditor, holds stock of the Company equivalent to 528 shares under the employee stock ownership plan.
 3. The Company has entered into a directors and officers liability insurance contract that insures Corporate Auditors with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. This insurance covers damages which may be incurred by Corporate Auditors as a result of execution of his/her duties and assuming liability for such execution duties. Each candidate, if elected, will be included as the insured under the insurance contract. The Company plans to renew the contract with the same terms and condition at the time of the next renewal.

[Reference] Expertise, etc., of Directors and Corporate Auditors at the closing of the Meeting (Skill Matrix)

Name	Position	Corporate management	Accounting / Finance	Legal affairs/ Compliance	Knowledge of the industry / Sales / Marketing	Global experience	Risk management / Corporate governance
Hiroyuki Horiuchi	President and Representative Director	●			●		●
Yoshio Tanabe	Director	●		●		●	
Masahiro Matsuura	Director				●		●
Minoru Ohta	Director	●	●				
Masashi Suzudo	Director		●			●	●
Kiyoko Kamibeppu	Outside Director				●		
Shoichiro Takagi	Outside Director	●			●		●
Yasutomo Inoue	Outside Director			●			
Naomi Doi	Standing Corporate Auditor				●		●
Kazumori Ishiguro	Standing Corporate Auditor				●		●
Hirotoishi Endo	Outside Corporate Auditor	●					●
Hiroaki Matsumoto	Outside Corporate Auditor		●				

(Note) This table above represents the areas in which each candidate demonstrates their primary expertise based on their experience, etc., and does not show all of the knowledge possessed by them.

Proposal No. 5: Revision of Performance-Linked Stock Compensation Plan for Directors

1. Reasons for the proposal and reasons to consider it justifiable

At the 99th Ordinary General Meeting of Shareholders on June 27, 2019, the Company received approval for introduction of a Performance-Linked Stock Compensation Plan called “Board Benefit Trust” (hereinafter referred to as the “Plan”) for Directors of the Company (excluding Outside Directors; hereinafter the same unless otherwise specified) (the resolution on this approval, which was made at the 99th Ordinary General Meeting of Shareholders, is hereinafter referred to as the “Original Resolution”), and since then, the Company has paid compensation to said Directors based on the Plan. The management plan for FY2022 onward seeks to encourage Directors to further strive toward enhancing the corporate value. In order to achieve this, the Company plans to increase the ratio of Performance-Linked Stock Compensation to the compensation for Directors. Therefore, the Company proposes the revision to the current compensation portion for Directors regarding the Plan.

The aim of this Proposal is, like the Original Resolution, to motivate the Directors to further contribute to the mid- to long-term improvement in the corporate performance and the expansion of corporate value. The Company intends to achieve this by sharing the benefits and risks of stock price performance with the shareholders by means of further clarifying the linkage between compensation of the Directors and the corporate performance and stock value of the Company. Because this aim corresponds with the decision policy (presented later) related to the content of compensation, etc. for individual Directors of the Company, the Company deems that the revision of this Plan is justifiable.

In this Proposal, the Company proposes the calculation method and contents to provide compensation based on the Plan to the Company’s Directors, apart from the amount of compensation for Directors that was approved at the 87th Ordinary General Meeting of Shareholders on June 28, 2007 (a maximum of ¥330 million per year, exclusive of the employee salary portions paid to employees who are Directors). The Company asks its shareholders to leave the decision to the Board of Directors to determine the details of the Plan within the framework outlined in 2. below.

Currently, six Directors are subject to the Plan. The number will be five after Proposal No. 3 is approved as proposed.

2. The calculation method and contents of amount of compensation, etc. under the Plan

The Company proposes partial revision to the contents of the original Plan. (The major revisions to the proposal of the Original Resolution are underlined.)

(1) Outline of the Plan

The Plan is a Performance-Linked Stock Compensation Plan under which the shares of the Company will be acquired through a trust (hereinafter referred to as the “Trust”) using cash contributed by the Company as the source, and the shares of the Company and the cash equivalent to the market value of the shares of the Company (such shares and the cash equivalent to the market value are collectively referred to as the “Company Shares”) will be delivered to Directors and Corporate Officers (collectively the “Officers”) through the Trust in accordance with the Officer Stock Benefit Regulations established by the Company. As a general rule, Officers will receive the Company Shares upon their retirement from office.

(2) Target of the Plan

Directors (excluding Outside Directors) and Corporate Officers

(3) Trust period

From November 2019 until the end of the Trust (The Trust shall continue without a specific timeline as long as the Plan is in effect. The Plan shall be terminated when the Company’s stock is delisted or the Officer Stock Benefit Regulations are abolished, or for other reasons.)

(4) Trust amount

The Company has implemented the Plan to cover the three fiscal years from the fiscal year ended on March 31, 2020 to that ended on March 31, 2022 (hereinafter referred to as the “Initial Applicable Period”). The Company established the Trust, whose beneficiaries are Officers who meet the beneficiary requirements, and the Company has contributed cash as funds to acquire the shares to be delivered to Officers based on the Plan for the Initial Applicable Period. The Trust has acquired the shares of the Company for the Initial Applicable Period using cash trusted by the Company as the sources. Even after this Proposal of the revision is approved, the Trust will continue to be a trust whose beneficiaries are Officers who meet the beneficiary requirements.

Subject to the approval of this Proposal, the Company will continue the Plan to cover the five fiscal years from the fiscal year ending on March 31, 2023 to the fiscal year ending on March 31, 2027 (hereinafter referred to as “This Applicable Period”; each subsequent period set forth in the management plan after the completion of This Applicable Period is referred to as a “Subsequent Applicable Period.” This Applicable Period and Subsequent Applicable Periods together are hereinafter referred to as the “Applicable Period.”) and each Subsequent Applicable Period. The Company will make additional contributions of cash, as described below, to the Trust as funds for the Trust to acquire the shares of the Company for delivering the Company Shares to Officers.

First, during This Applicable Period, the Company will make additional contributions of cash in an amount deemed necessary and appropriate as the funds with regard to This Applicable Period. Further, after This Applicable Period, the Company will make additional contributions of cash to the Trust until the Plan ends, in an amount

deemed necessary to acquire the number of shares needed to be delivered to Officers based on the Plan, through reasonable estimations.

These provisions are effective on the condition that in cases where such additional contributions are made and shares of the Company (excluding any undelivered portion of the shares of the Company corresponding to the number of points granted to Officers during Applicable Periods that precede the Applicable Period in question) and cash remain within the trust assets (these remaining shares and cash are collectively referred to as the “Remaining Shares”), the Remaining Shares shall be appropriated to the sources for delivering shares based on the Plan in the subsequent Applicable Period. The amount of additional contributions the Company makes will be calculated taking into account the Remaining Shares. When the Company decides to make additional contributions, the decision will be disclosed in a timely and appropriate manner.

(5) Method of acquiring the shares of the Company and number of shares

The Trust will acquire the shares of the Company through the stock exchange or by subscribing for disposal of treasury stock, using the funds contributed in (4) above as the source. Since, as stated in (6), the maximum number of points to be granted to Officers is 33,000 per fiscal year, the maximum number of shares acquired by the Trust for each Applicable Period shall be the number obtained by multiplying the maximum number of points per fiscal year by the number of fiscal years (as set forth in the management plan) with regard to the Applicable Period. Details of acquisition of the shares of the Company by the Trust will be disclosed in a timely and appropriate manner.

(6) Maximum number of the Company Shares to be delivered to Officers

In each fiscal year, each Officer will be granted points calculated according to his/her title and the level of achievement of the targeted business results of the Company in accordance with the Officer Stock Benefit Regulations established by the Company. The maximum total number of points to be granted to Officers per fiscal year is 33,000 (20,000 of which are reserved for Directors). This number was determined by comprehensive judgment considering the current level of payment of executive compensation, trends and future prospects for the number of Officers. Therefore, the Company deems that this number is justifiable.

One point awarded to Officers will be converted to one share of the Company’s common stock in the delivery of Company Shares at the time of delivery of the Company Shares as described in (7) below. (Note that if the shares of the Company become subject to a stock split, gratis allotment or reserve stock split after this Proposal has been approved, the Company shall make reasonable adjustments, taking into account factors such as the ratio of such stock split, gratis allotment or reserve stock split, to the maximum number of points and granted number of the points or the conversion rate of the points.)

For reference, the number of shares corresponding to the maximum number of points per fiscal year to be granted to Officers (33,000 shares) multiplied by the closing price on May 10, 2022 (¥3,935) would be approximately ¥130 million.

In addition, the ratio of the number of shares corresponding to the maximum points per fiscal year to be granted to Officers (33,000 shares) to the total number of issued shares (as of March 31, 2022, after deduction of treasury stocks) is approximately 0.09%.

As a general rule, the base number of points awarded to an Officer at the time of delivery of the Company Shares described in (7) below shall be the total number of points granted to the Officer by the time of his/her retirement (the “Fixed Points”).

(7) Delivery of the Company Shares, and calculation method of the amount of compensation

If an Officer retires from office and meets the beneficiary requirements prescribed in the Officer Stock Benefit Regulations, as a general rule, he/she will be entitled to receive the shares of the Company from the Trust after his/her retirement in proportion to the number of the “Fixed Points” as described in (6) above, by taking the prescribed procedures to confirm the beneficiary. However, if an Officer meets certain requirements set under the Officer Stock Benefit Regulations, the Company may pay him/her the cash equivalent to the market value of such shares for a certain percentage of the points instead of in the form of shares. Note that the Trust may sell the shares of the Company to pay such cash.

If an Officer who has been granted points resigns due to a certain violation while in office or commits inappropriate acts, etc. that may cause damage to the Company while in office, he/she will not be entitled to all or part of the rights to receive the shares based on the resolution of the Board of Directors.

The amount of compensation for a Director shall be based on the amount of the total number of points granted to the Director multiplied by the book value of one share of the Company’s shares held by the Trust. (Note that if the shares of the Company become subject to a stock split, gratis allotment or reserve stock split, the Company shall make reasonable adjustments, taking into account factors such as the ratio of such stock split, gratis allotment or reserve stock split.) In addition, if cash is delivered in accordance with the Officer Stock Benefit Regulations in exceptional circumstances, the amount of such cash shall be added to the amount of compensation if it is deemed appropriate.

(8) Exercise of voting rights

The trustee shall not exercise the voting rights related to the shares of the Company held by the Trust account

pursuant to the direction of the trust administrator. This is to enable the Trust to remain neutral in the Company's management with respect to the scope in which the trustee has the voting rights.

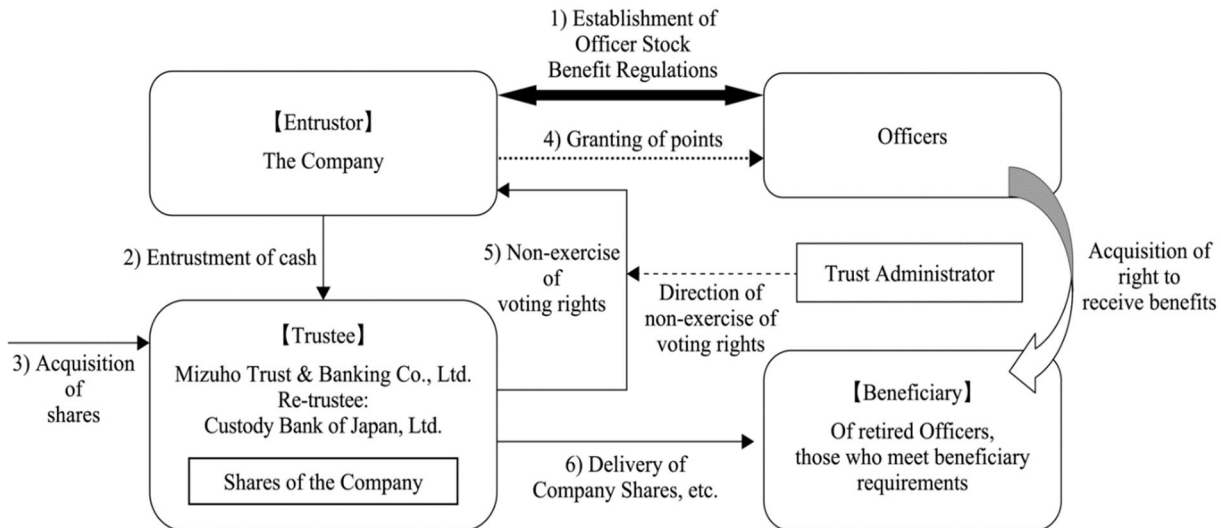
(9) Dividends

The Trust shall receive dividends related to the shares of the Company held by the Trust account and appropriate them to acquire the shares of the Company or pay for the trustee's compensation, etc. Any remaining dividends upon termination of the Trust shall be divided and paid to Officers in office at the time of termination in accordance with the respective number of points granted to each Officer as prescribed in the Officer Stock Benefit Regulations.

(10) Termination of the Trust

The Trust shall be terminated when the Company's stock is delisted on the Tokyo Stock Exchange or upon the occurrence of an event such as the abolishment of the Officer Stock Benefit Regulations. Of the residual assets in the Trust at the time of termination, the Company intends to acquire the shares of the Company without consideration and then cancel the shares by resolution of the Board of Directors, whereas the Company will receive the balance in cash after deducting cash paid to Officers as described in (9) above.

<Reference: Structure of the Plan>



- 1) The Company shall establish the Officer Stock Benefit Regulations within the framework approved in this Proposal.
- 2) The Company entrusts cash in the range of the amount approved in this Proposal.
- 3) The Trust uses the funded amount outlined in 2) above as funds to acquire shares of the Company through the stock market or by subscribing for disposal of treasury stock.
- 4) The Company grants points to Officers based on the Officer Stock Benefit Regulations.
- 5) Voting rights for the shares of the Company held by the Trust account will not be exercised pursuant to the direction of the trust administrator independent from the Company.
- 6) The Trust delivers the shares of the Company to retired Officers who meet the beneficiary requirements set under the Officer Stock Benefit Regulations (the “Beneficiaries”) based on the number of points they have been granted. If an Officer meets certain requirements set under the Officer Stock Benefit Regulations, the Company will pay him/her cash equivalent to the market value of such shares to a certain percentage of the points granted.

Decision Policy regarding the Contents of Individual Compensation for Directors

1. Basic Policy

The compensation for Directors of the Company is intended to be an incentive toward sustainable growth and consists of basic compensation, bonuses, and stock compensation. It is determined based on comprehensive consideration of mid- to long-term corporate performance, past payments, and other factors as well as the responsibilities of the position. Basic compensation is fixed compensation, and bonuses and stock compensation are performance-linked compensation. However, bonuses and stock compensation are not paid to Outside Directors because their roles are supervision and monitoring from an independent standpoint.

2. Policy regarding the determination of the amount of individual basic compensation (monetary compensation) (including the determination of the timing and requirements for granting compensation, etc.)

Basic compensation of the Company, which is fixed compensation, is paid monthly and determined based on comprehensive consideration of title, responsibilities, level of other companies in the industry, the Company's performance, and level of employee salary. The total amount of basic compensation shall be within the scope of the amount approved at the General Meeting of Shareholders.

3. Policy regarding the contents and the calculation method of the amount or number of performance-linked compensation and nonmonetary compensation (including the policy regarding the determination of the timing and requirements for granting compensation, etc.)

Performance-linked compensation will be based on key performance indicators (KPI), and such compensation will be made in cash. This is in an attempt to enhance Directors desires for better business performance in each fiscal year. The Company plans to calculate the amount by comparing consolidated operating profit and the consolidated profit of the fiscal year with those of the previous fiscal year, and payment is to be made as a bonus after the approval of the General Meeting of Shareholders.

Nonmonetary compensation shall be provided as stock compensation by the Board Benefit Trust (BBT) that is a performance-linked stock compensation plan. Stock compensation is a mid- to long-term performance-linked type that provides shares, etc. on retirement, and should contribute to the improvement of the corporate value and sustainable growth. The amount is calculated in accordance with Officer Stock Benefit Regulations by a coefficient determined according to the degree of the achievement of performance indicators, etc. in the mid-term management plan. The total amount of stock compensation shall be within the scope of the amount approved at the General Meeting of Shareholders.

4. Policy regarding the determination of the proportion of monetary compensation, performance-linked compensation, and nonmonetary compensation within the compensation for each Director

The proportion for compensation for each Director shall be reviewed by the Nomination and Compensation Committee on the basis of the compensation level of benchmark companies of the same size as the Company or in a related industry, past levels, and other factors. The Board of Directors (President and Representative Director delegated as in 5. below) shall determine the contents of compensation for each Director taking into account the report from the Nomination and Compensation Committee on the proportion for each compensation. The standard proportion of basic compensation to performance-linked compensation to nonmonetary compensation shall be 60 to 25 to 15 (when 100% of the KPIs are achieved).

Title	Basic compensation	Performance-linked compensation	Nonmonetary compensation
Representative Director	60%	25%	15%
Managing Director	60%	25%	15%
Director	60%	25%	15%

5. Matters relating to determination of the content of for each Director

The President and Representative Director shall be delegated based on the resolution of the Board of Directors to determine the specific content of compensation for each Director. The authorization includes evaluation and allocation of the amount of basic compensation for each Director and the number of bonuses and stock compensation reflecting the performance of the business that each Director is in charge of. To ensure that the President and Representative Director exercises such authority appropriately, the Board of Directors shall obtain advice and a report on original proposals from the Nomination and Compensation Committee whose majority of the members are Outside Directors, and the President and Representative Director delegated by the Board of Directors shall determine the content taking into account the report.

Proposal No. 6: Grant of Bonuses to Directors

The Company proposes that, based on bonuses given in previous years and the Company's performance during this fiscal year, bonuses amounting to the total of ¥65,320,000 be paid to the six Directors (excluding Outside Directors) who were in office as Directors as of the end of the fiscal year under review. The bonuses to Directors (excluding Outside Directors) will be based on key performance indicators (KPIs), and such compensation will be made in cash. This is in an attempt to enhance Directors desires for better business performance in each fiscal year. The Company plans to calculate the amount of bonus by comparing consolidated operating profit and the consolidated profit of the fiscal year with those of the previous fiscal year. The Company believes this calculation method to be appropriate.

This Proposal was approved by the Board of Directors after the review by the Nomination and Compensation Committee. The majority of the members of the Nomination and Compensation Committee are Outside Directors.

The Company also proposes that the bonus amount to each Director be decided at the Board of Directors meeting.