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(Securities Code: 1518)

May 26, 2022

Taishi Yoshioka, Representative Director and President
Mitsui Matsushima Holdings Co., Ltd.
1-1-12 Otemon, Chuo-ku, Fukuoka-shi

Dear Shareholders,

Convocation Notice of the 166th Annual General Meeting of Shareholders

We are pleased to inform you that the 166th Annual General Meeting of Shareholders will be held as described on the following page.

We are respectfully asking shareholders to refrain from attending the Annual General Meeting of Shareholders in person, wherever possible, from the perspective of preventing the spread of COVID-19, and to cooperate to exercise your voting rights in writing (mail) or via the Internet in advance.

If you wish to exercise voting rights in writing (mail) or via the Internet, please see the “Guidelines for the Exercise of Voting Rights” on page 3 of the Japanese version of this document and exercise your voting rights no later than 5:30 p.m. on Thursday, June 16, 2022.

Yours faithfully,

Taishi Yoshioka

Representative Director and President

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PARTICULARS

1. **Date and time:** Friday, June 17, 2022 at 10:00 a.m.
2. **Place:** Otemon Pine Building
2nd Floor Conference Room
1-1-12 Otemon, Chuo-ku, Fukuoka-shi

3. **Agenda:**

Matters to be reported:

1. Business report, consolidated financial statements for the 166th fiscal year (April 1, 2021 to March 31, 2022), and results of audit thereof by accounting auditors and the Audit & Supervisory Committee
2. Non-consolidated financial statements for the 166th fiscal year (April 1, 2021 to March 31, 2022)

Matters to be resolved:

- | | |
|-------------------------|--|
| First Proposal: | Partial Amendments to the Articles of Incorporation |
| Second Proposal: | Election of Four (4) Directors (excluding those who are Audit & Supervisory Committee Members) |
| Third Proposal: | Election of Three (3) Directors who are Audit & Supervisory Committee Members |
| Fourth Proposal: | Election of One (1) Substitute Director who is an Audit & Supervisory Committee Member |

1. When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. In addition, please bring this Notice with you, in order to save resources.
2. Of the documents to be provided with this Notice, “Trends in Assets and Income,” “Principal Business,” “Principal Offices,” “Employees,” “Principal Lenders,” “Matters Concerning Shares of the Company,” “Matters Concerning Stock Acquisition Rights Issued by the Company,” “Accounting Auditors,” “Systems to Ensure Directors Perform Their Duties in Compliance with Laws, Regulations and the Articles of Incorporation, and Other Systems to Ensure the Appropriateness of Business Activities,” and “Outline of the Status of Operation of the System to Ensure the Appropriateness of Business Activities” in the business report, “Consolidated Statements of Changes in Equity,” “Notes to Consolidated Financial Statements” in the consolidated financial statements, and “Non-consolidated Statements of Changes in Equity,” “Notes to Non-consolidated Financial Statements” in the non-consolidated financial statements are posted on the Company’s website (<https://www.mitsui-matsushima.co.jp/>) in accordance with provisions of laws and regulations as well as Article 14 of the Company’s Articles of Incorporation and therefore are not provided in the Appendix of this Notice. Accordingly, the Appendix of this Notice comprises part of the business report, consolidated financial statements, and non-consolidated financial statements audited by the accounting auditors and the Audit & Supervisory Committee in preparing the accounting audit report and audit report.
3. Any revisions to the Reference Material for the General Meeting of Shareholders, business report, consolidated financial statements, or non-consolidated financial statements will be posted on the Company’s website (<https://www.mitsui-matsushima.co.jp/>).

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Matters to be resolved and Reference Information

First Proposal: Partial Amendments to the Articles of Incorporation

1. Reasons for amendments

(1) The implementation of the system for electronic provision of materials for general meetings of shareholders

The amended 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. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for general meetings of shareholders, the Articles of Incorporation of the Company shall be amended as follows.

- (i) The proposed Article 14, Paragraph 1 provides that information contained in the reference materials for the general meeting of shareholders, etc. shall be provided electronically.
- (ii) The purpose of the proposed Article 14, Paragraph 2 is to establish a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
- (iii) The provisions of Article 15 of the current Articles of Incorporation (Internet Disclosure and Deemed Provision of Reference Materials for the General Meeting of Shareholders, Etc.) will become unnecessary and will therefore be deleted.
- (iv) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.

(2) Establishment of record date for interim dividend

The Company defines record date for interim dividend in Article 43 (Record Date for Dividends from Surplus) of the current Articles of Incorporation in order to enable the return of profits to shareholders in an agile manner.

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2. Details of the amendments

The details of the amendments are as follows:

(Underlines indicate amended sections.)

Current Articles of Incorporation	Proposed amendments
<p>Articles 1. to 13. <Omitted></p> <p><u>(Internet Disclosure and Deemed Provision of Reference Materials for the General Meeting of Shareholders, Etc.)</u></p> <p><u>Article 14. The Company may, when convening a general meeting of shareholders, deem that it has provided information to shareholders pertaining to matters to be described in the reference materials for the general meeting of shareholders, business report, non-consolidated financial statements, and consolidated financial statements, by disclosing such information through the internet in accordance with the provisions provided in the Ordinance of the Ministry of Justice.</u></p> <p><Newly established></p>	<p>Articles 1. to 13. <Unchanged></p> <p><Deleted></p> <p><u>(Measures for Electronic Provision, Etc.)</u></p> <p><u>Article 14. The Company shall, when convening a general meeting of shareholders, provide information contained in the reference materials for the general meeting of shareholders, etc. electronically.</u></p> <p><u>2. Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u></p>

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Current Articles of Incorporation	Proposed amendments
<p>Articles 15. to 42. <Omitted> (Record Date for Dividends from Surplus)</p> <p>Article 43. Record date for year-end dividend of the Company shall be on March 31 every year. <Newly established></p> <p>2. Other than the previous paragraph, the Company shall provide record date to pay out dividends from surplus.</p> <p>Article 44. <Omitted></p> <p>Supplementary Provisions</p> <p>1. <Omitted> <Newly established></p> <p><Newly established></p> <p><Newly established></p>	<p>Articles 15. to 42. <Unchanged> (Record Date for Dividends from Surplus)</p> <p>Article 43. Record date for year-end dividend of the Company shall be on March 31 every year.</p> <p>2. <u>Record date for interim dividend of the Company shall be on September 30 every year.</u></p> <p>3. Other than the previous paragraph 2, the Company shall provide record date to pay out dividends from surplus.</p> <p>Article 44. <Unchanged></p> <p>Supplementary Provisions</p> <p>1. <Unchanged></p> <p>2. <u>The amendments of Article 14 shall come into effect on September 1, 2022, the date of enforcement (the Enforcement Date) of the amended 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).</u></p> <p>3. <u>Notwithstanding the provisions of the preceding paragraph, Article 14 (Internet Disclosure and Deemed Provision of Reference Materials for the General Meeting of Shareholders, Etc.) of the Articles of Incorporation shall remain in force with respect to a general meetings of shareholders to be held on a date within six (6) months from the Enforcement Date.</u></p> <p>4. <u>Paragraph 2 above and this paragraph shall be deleted on the day after which six (6) months have elapsed since the Enforcement Date or the day after which three (3) months have elapsed since the day of the general meeting of shareholders set forth in the preceding paragraph, whichever is later.</u></p>

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Second Proposal: Election of Four (4) Directors (excluding those who are Audit & Supervisory Committee Members)

The terms of office of all four (4) Directors (excluding those who are Audit & Supervisory Committee Members) will expire at the close of this general meeting of shareholders. Therefore, the shareholders are asked to elect four (4) Directors (excluding those who are Audit & Supervisory Committee Members).

The candidates are presented below:


No.	Name	Attendance at meetings of the Board of Directors	Titles and responsibilities at the Company and significant concurrent positions
1	Shinichiro Kushima <u>Re-nominated</u>	100% (14 out of 14)	Representative Director and Chairman Director, KMT Corporation., Ltd. Director, Nippon Katan Co., Ltd. Director, Mitsui Matsushima International Pty. Ltd.
2	Taishi Yoshioka <u>Re-nominated</u>	100% (14 out of 14)	Representative Director and President Director, Sansei Denshi Co., Ltd. Director, SYSTECH KYOWA CO., LTD. Director, Mitsui Matsushima International Pty. Ltd.
3	Hironori Higaki <u>Re-nominated</u> <u>External</u> <u>Independent</u>	100% (14 out of 14)	External Director Director, Nippon Katan Co., Ltd.
4	Yuri Sugano <u>Re-nominated</u> <u>External</u> <u>Independent</u>	100% (11 out of 11)	External Director Partner, Nishimura & Asahi External Director, LMI GROUP Inc. Councilor, Public Interest Incorporated Foundation Aoki Zaidan

External: Candidate for External Director


Independent: Candidate for Independent Officer stipulated by the TSE and FSE

- “Attendance at meetings of the Board of Directors” above for Ms. Yuri Sugano refers to the meetings she attended after she assumed office on June 18, 2021.


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No.	Name (Date of birth)	Summary of career, titles and responsibilities, and important positions at other organizations concurrently assumed		Candidate's shareholding in the Company
1	 Shinichiro Kushima (June 4, 1951 71 years old) Re-nominated	April 1975	Joined Mitsui Bank, Ltd. (presently Sumitomo Mitsui Banking Corporation) (the “Bank”)	20,000 shares
		Feb. 1995	In charge of International Planning Department of the Bank, and Vice President of Bank Sakura Swadharma	
		Oct. 1999	General Manager of Kagoshima Branch of the Bank	
		April 2004	Director and General Manager of Administration Division of Verde Kyushu Co., Ltd.	
		June 2005	Joined the Company as Director and Managing Executive Officer	
		June 2007	Director and Senior Managing Executive Officer	
		April 2008	Director, Executive Vice President and Executive Officer	
		Oct. 2008	Representative Director, President and Executive Officer	
		June 2014	Representative Director and Chairman (to present)	
		(Important positions at other organizations concurrently assumed) Director, KMT Corporation., Ltd. Director, Nippon Katan Co., Ltd. Director, Mitsui Matsushima International Pty. Ltd.		
<p>(Reasons for nominating the candidate for Director)</p> <p>Mr. Shinichiro Kushima was the Representative Director and President of the Company and is now its Representative Director and Chairman. As the manager of an enterprise, he has contributed to stabilizing and diversifying revenues by promoting an improved and strengthened financial base and aggressively promoting the formulation of a business portfolio that does not rely on the coal business, thereby driving the growth of the Group to date. In addition, he plays a leading role in ensuring appropriate decision-making by enriching agenda deliberations as a chairman managing and leading the Board of Directors of the Company.</p> <p>The Company will ask the shareholders to reelect him as Director because, as described above, it believes that he has the experience and capabilities to enable precise and fair supervision of the overall management of the Group, and he can be expected to contribute to the further growth of the Group through his broad perspective and flexible thinking and judgment.</p>				


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2	 Taishi Yoshioka (June 13, 1969 53 years old) <u>Re-nominated</u>	Nov. 1992	Joined J. P. Morgan Securities, Tokyo Branch (presently JPMorgan Securities Japan Co., Ltd.)	3,300 shares
		June 1995	Joined Prudential Life Insurance Co., Ltd.	
		Oct. 2001	Joined Deloitte Tohmatsu FAS Co., Ltd.	
		Jan. 2007	Joined GCA Co., Ltd. (presently Houlihan Lokey Corporation)	
		July 2013	Joined the Company, concurrently serving as General Manager of the Overseas Business Department and General Manager of the Business Planning Department	
		July 2014	General Manager of the Business Planning Department	
		April 2017	Executive Officer, and General Manager of the Business Planning Department	
		April 2018	Managing Executive Officer, and General Manager of the Business Planning Department	
		April 2019	Managing Executive Officer in charge of the Business Planning Department	
		June 2020	Representative Director and President (to present)	
(Important positions at other organizations concurrently assumed)		Director, Sansei Denshi Co., Ltd. Director, SYSTECH KYOWA CO., LTD. Director, Mitsui Matsushima International Pty. Ltd.		
<p>(Reasons for nominating the candidate for Director)</p> <p>Since joining the Company in 2013, Mr. Taishi Yoshioka, who has vast experience in and knowledge of the M&A advisory business, has led M&As mainly for the Business Planning Department and driven the steady implementation of the Company's mid-term business plan as Representative Director and President since 2020, thereby contributing to the stabilization and diversification of revenues from the Company's businesses.</p> <p>The Company will ask shareholders to reelect him as Director because it believes that the broad and deep knowledge and insight that he has cultivated, as well as his powerful capabilities to implement reforms, are indispensable in promoting the growth of the Group. He can be expected to make great contributions toward enhancing the corporate value of the Group by directing it as a whole as Representative Director and President of the Company.</p>				

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No.	Name (Date of birth)	Summary of career, titles and responsibilities, and important positions at other organizations concurrently assumed		Candidate's shareholding in the Company
3	 Hironori Higaki (July 7, 1951 70 years old) <u>Re-nominated</u> <u>External</u> <u>Independent</u>	April 1974	Joined Nippon Steel Corporation (<i>Shin Nippon Seitetsu Kabushiki Kaisha</i>) (presently Nippon Steel Corporation (<i>Nippon Seitetsu Kabushiki Kaisha</i>))	2,100 shares
		July 1993	Head of General Administration Office of Nippon Steel Corporation	
		July 1995	Head of Corporate Secretariat of Nippon Steel Corporation	
		April 1999	General Manager, Raw Materials Division of Nippon Steel Corporation	
		July 2008	Joined Kyudenko Corporation	
		April 2009	Executive Officer of Kyudenko Corporation	
		Sept. 2010	Representative Director and President of Bayside Place Hakata Co., Ltd.	
		May 2012	Senior Executive Officer of Kyudenko Corporation	
		April 2013	Managing Executive Officer of Kyudenko Corporation	
		June 2013	Director and Managing Executive Officer of Kyudenko Corporation	
		April 2015	Director and Senior Managing Executive Officer of Kyudenko Corporation	
		June 2017	Representative Director, Vice President and Executive Officer of Kyudenko Corporation	
		June 2020	External Director of the Company (to present)	
	(Important positions at other organizations concurrently assumed) Director, Nippon Katan Co., Ltd.			
<p>(Reasons for nominating the candidate for External Director and expected role)</p> <p>Mr. Hironori Higaki has previous organizational management experience at a representative company of Japan, as well as experience cultivated as the manager of an enterprise in charge of overall management. Since 2020, he has attended meetings of the Board of Directors, etc. as External Director of the Company, and has provided advice on the management of the Company and appropriately supervised business execution from a practical and diversified perspective grounded in his experience.</p> <p>The Company will ask the shareholders to reelect him as External Director because it believes that he can be expected to provide appropriate advice and supervision of the Company's business execution based on his excellent experience in corporate management and broad knowledge from a manager's perspective developed through this experience, and he will thus be able to appropriately execute his duties as External Director.</p> <p>(Matters concerning independence)</p> <p>The Company has designated Mr. Hironori Higaki as an Independent Officer as provided for by the TSE and FSE, and registered him with both exchanges. The Company will continually register him as an Independent Officer with the TSE and FSE upon his reelection.</p>				

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No.	Name (Date of birth)	Summary of career, titles and responsibilities, and important positions at other organizations concurrently assumed		Candidate's shareholding in the Company
4	 Yuri Sugano (June 1, 1976 46 years old) <u>Re-nominated</u> <u>External</u> <u>Independent</u>	Oct. 2003	Registered as Attorney-at-Law Joined OH-EBASHI LPC & PARTNERS	None
		Sept. 2007	Joined Nishimura & Asahi	
		Sept. 2012	Seconded to GCA Corporation (presently Houlihan Lokey Corporation, until November 2013)	
		Jan. 2016	Partner of Nishimura & Asahi (to present)	
		May 2021	External Director of LMI GROUP Inc. (to present)	
		June 2021	External Director of the Company (to present)	
		(Important positions at other organizations concurrently assumed) Partner, Nishimura & Asahi LPC External Director, LMI GROUP Inc. Councilor, Public Interest Incorporated Foundation Aoki Zaidan		
(Reasons for nominating the candidate for External Director and expected role) Ms. Yuri Sugano has engaged in numerous international cases, in addition to domestic cases, and has rich and broad experience as a specialist in M&A, business rehabilitation and insolvency cases, as well as labor laws, at one of the largest legal firms in Japan. Since 2021, she has attended meetings of the Board of Directors, etc., as External Director of the Company, and has provided appropriate multi-dimensional advice about corporate legal affairs and compliance and appropriately supervised business execution. The Company will ask the shareholders to elect her as External Director because it believes that she can be expected to provide accurate and appropriate advice and supervision of the business execution and corporate governance of the Company based on her deep legal knowledge as an Attorney-at-Law and advanced insights grounded in her rich experience, and she will thus be able to appropriately execute her duties as External Director. (Matters concerning independence) The Company has designated Ms. Yuri Sugano as an Independent Officer as provided for by the TSE and FSE, and registered her with both exchanges. The Company will continually register her as an Independent Officer with the TSE and FSE upon her reelection.				

(Notes)

1. There are no special interests between the Company and any of the Director candidates.
2. At the close of this general meeting of shareholders, Mr. Hironori Higaki will have been in office as External Director for two (2) years and Ms. Yuri Sugano will have been in office as External Director for one (1) year.
3. The election and compensation of candidates for Directors (excluding Audit & Supervisory Committee Members) were determined to be appropriate as a result of deliberations of the Audit & Supervisory Committee.
4. Mr. Hironori Higaki is a Director of Nippon Katan Co., Ltd. which is a business entity that has a special relationship with the Company as its consolidated subsidiary.
5. The Company has set forth a provision in its Articles of Incorporation that the Company may, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, enter into an Agreement for Limitation of Liability with the Directors (excluding those who are Executive Directors), which limits the liability for damages provided for in Article 423, Paragraph 1 of the Companies Act to the minimum

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stipulated by relevant laws and regulations. The Company has entered into an Agreement for Limitation of Liability with Mr. Hironori Higaki and Ms. Yuri Sugano. If the re-nominations of both candidates are approved, the Company is scheduled to continue the Agreement for Limitation of Liability with both of them.

6. The Company has concluded a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The insurance contract covers any damages that may result from the insureds including Directors of the Company being liable for the performance of their duties or being subject to a claim for the pursuit of such liability. Provided, however, that there are certain exemptions; for example, damage caused as a result of any conduct committed while knowing that the conduct is in violation of laws and regulations shall not be covered. If the re-nomination of each candidate as Director is approved, they will be the insureds under the said insurance contract. Also, the said insurance contract will be renewed in October 2022.

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Third Proposal: Election of Three (3) Directors who are Audit & Supervisory Committee Members

The terms of office of all three (3) Directors who are Audit & Supervisory Committee Members will expire at the close of this general meeting of shareholders. Therefore, the shareholders are asked to elect three (3) Directors who are Audit & Supervisory Committee Members.

The consent of the Audit & Supervisory Committee has been obtained with regard to this proposal.


The candidates are presented below:

No.	Name	Attendance at meetings of the Board of Directors	Titles and responsibilities at the Company and significant concurrent positions
		Attendance at meetings of the Audit & Supervisory Committee	
1	Toshihiro Nomoto <u>Re-nominated</u>	100% (14 out of 14)	Director (Full-time Audit & Supervisory Committee Member) Audit & Supervisory Board Member of SYSTECH KYOWA CO., LTD. Audit & Supervisory Board Member of MM Life Support Co., Ltd. Audit & Supervisory Board Member of Mitsui Matsushima Co., Ltd.
		100% (14 out of 14)	
2	Takashige Araki <u>Re-nominated</u> <u>External</u> <u>Independent</u>	100% (14 out of 14)	External Director (Full-time Audit & Supervisory Committee Member) Audit & Supervisory Board Member of Hanabishi Co., Ltd. Audit & Supervisory Board Member of Hanabishi Sewing Co., Ltd. Audit & Supervisory Board Member of Nippon Katan Co., Ltd.
		100% (14 out of 14)	
3	Tetsuya Notabe <u>Re-nominated</u> <u>External</u> <u>Independent</u>	100% (14 out of 14)	External Director (Audit & Supervisory Committee Member) Representative Partner of Kawano & Notabe Law Office President of Fukuoka Bar Association
		100% (14 out of 14)	


External : Candidate for External Director

Independent : Candidate for Independent Officer stipulated by the TSE and FSE


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No.	Name (Date of birth)	Summary of career, titles and responsibilities, and important positions at other organizations concurrently assumed		Candidate's shareholding in the Company
1	 Toshihiro Nomoto (March 11, 1958 64 years old) <u>Re-nominated</u>	April 1982	Joined Mitsui Bank, Ltd. (presently Sumitomo Mitsui Banking Corporation) (the "Bank")	5,900 shares
		April 2004	General Manager, Kawaguchi Corporate Business Office of the Bank	
		April 2006	General Manager, Jiyugaoka Corporate Business Office of the Bank	
		April 2009	General Manager, Omori Corporate Business Office of the Bank	
		May 2011	Temporarily transferred to the Company, General Manager of Corporate Planning Department	
		May 2012	Joined the Company, Administration Officer, and General Manager of Corporate Planning Department	
		April 2013	Executive Officer, General Manager of Corporate Planning Department, and in charge of Accounting Department and Information Systems Department	
		June 2014	Director and Managing Executive Officer, General Manager of Corporate Planning Department, and in charge of Accounting Department and Information Systems Department	
		June 2015	Director and Managing Executive Officer, General Manager of Corporate Planning Department and Accounting Department, and in charge of Systems Planning Development Office	
		April 2017	Director and Managing Executive Officer, General Manager of Accounting Department, and in charge of Corporate Planning Department	
		April 2018	Director and Senior Managing Executive Officer, and General Manager of Consumer Goods & Services Business Division	
		June 2020	Director (Full-time Audit & Supervisory Committee Member) (to present)	
			(Important positions at other organizations concurrently assumed) Audit & Supervisory Board Member, SYSTECH KYOWA CO., LTD. Audit & Supervisory Board Member, MM Life Support Co., Ltd. Audit & Supervisory Board Member, Mitsui Matsushima Co., Ltd.	
	(Reasons for nominating the candidate for Director) Mr. Toshihiro Nomoto, utilizing his long-term work experience at financial institutions, has contributed to improving and strengthening the financial standing of the Company, as well as stabilizing and diversifying revenues of the Group as the person mainly responsible for the accounting and corporate planning departments since joining the Company in 2012. The Company will ask the shareholders to elect him as Director who is an Audit & Supervisory Committee Member because it believes that he has the experience and knowledge to enable precise and fair supervision of the overall management of the Group, and he has sufficient capabilities to fulfill a decision-making role on important matters and oversee operations and their execution for the Group.			

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No.	Name (Date of birth)	Summary of career, titles and responsibilities, and important positions at other organizations concurrently assumed		Candidate's shareholding in the Company
2	 Takashige Araki (October 13, 1951 70 years old) Re-nominated External Independent	April 1975	Joined The Shinwa Bank, Ltd. (presently The Juhachi-Shinwa Bank, Ltd.)	1,400 shares
		June 2005	President and Representative Director of The Shinwa Bank, Ltd. Director of Kyushu-Shinwa Holdings Inc.	
		June 2006	President and Representative Director of Kyushu-Shinwa Holdings Inc.	
		June 2008	Audit & Supervisory Board Member of the Company (External)	
		Aug. 2008	President and Representative Director of FFG Business Consulting Co., Ltd.	
		June 2012	Full-time Audit & Supervisory Board Member of the Company (External)	
		June 2016	External Director (Full-time Audit & Supervisory Committee Member) (to present)	
		(Important positions at other organizations concurrently assumed) Audit & Supervisory Board Member, Hanabishi Co., Ltd. Audit & Supervisory Board Member, Hanabishi Sewing Co., Ltd. Audit & Supervisory Board Member, Nippon Katan Co., Ltd.		
<p>(Reasons for nominating the candidate for External Director and expected role)</p> <p>Mr. Takashige Araki has long-term, top-management experience cultivated at financial institutions as Representative Director and President of The Shinwa Bank, Ltd. (presently The Juhachi-Shinwa Bank, Ltd.) and as the manager of an enterprise. In addition, he has been an External Audit & Supervisory Board Member of the Company and an External Director of the Company (a Full-time Audit & Supervisory Committee Member) since 2008 and 2016, respectively, and has made significant efforts to supervise business execution from an independent and fair position. Furthermore, he has contributed to reinforcing the corporate governance of the Group by giving appropriate advice and recommendations on the management of the Company, while concurrently assuming the position of Audit & Supervisory Board Member of a company, which recently joined the Group.</p> <p>The Company will ask the shareholders to reelect him as Director who is an Audit & Supervisory Committee Member because it believes that he has the experience and knowledge to enable precise and fair supervision of the overall management of the Group, and he has sufficient capabilities to fulfill a decision-making role on important matters and oversee operations and their execution for the Group.</p> <p>(Matters concerning independence)</p> <p>Mr. Takashige Araki was Representative Director and President of The Shinwa Bank, Ltd. (presently The Juhachi-Shinwa Bank, Ltd.), one of the main banks of the Company, until 2007. However, he does not currently hold any positions at, or receive any compensation from, the bank. Therefore, he has no conflicts of interest therewith, which the Company also believes will not arise with general shareholders.</p> <p>The Company has designated him as an Independent Officer as provided for by the TSE and FSE, and registered him with both exchanges. The Company will continually register him as an Independent Officer with the TSE and FSE upon his reelection.</p>				

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No.	Name (Date of birth)	Summary of career, titles and responsibilities, and important positions at other organizations concurrently assumed	Candidate's shareholding in the Company	
3	 Tetsuya Notabe (August 10, 1958 63 years old)	April 1991	Registered as Attorney-at-Law Joined Yoshiaki Kawano Law Office	9,400 shares
		April 1997	Opened Kawano & Notabe Law Office	
		June 2013	Audit & Supervisory Board Member of the Company (External)	
		April 2015	Representative Partner of Kawano & Notabe Law Office (to present)	
		June 2016	External Director of the Company (Full-time Audit & Supervisory Committee Member) (to present)	
		<div style="border: 1px solid black; padding: 2px; display: inline-block;">Re-nominated</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">External</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent</div>	(Important positions at other organizations concurrently assumed) Representative Partner, Kawano & Notabe Law Office President, Fukuoka Bar Association	
(Reasons for nominating the candidate for External Director and expected role) Mr. Tetsuya Notabe has not been directly involved in corporate management other than through his position as an external officer; however, as an Audit & Supervisory Board Member and a Director who is an Audit & Supervisory Committee Member of the Company since 2013 and 2016, respectively, he has made significant efforts to supervise business execution from an independent and fair position. In addition, he has proactively provided appropriate multi-dimensional advice and recommendations about corporate legal affairs and compliance from a technical viewpoint at meetings of the Board of Directors. The Company will ask the shareholders to reelect him as Director who is an Audit & Supervisory Committee Member because it believes that he has the experience and knowledge to enable precise and fair supervision of the overall management of the Group, and he has sufficient capabilities to fulfill a decision-making role on important matters and oversee operations and their execution for the Group. (Matters concerning independence) The Company has designated Mr. Tetsuya Notabe as an Independent Officer as provided for by the TSE and FSE, and registered him with both exchanges. The Company will continually register him as an Independent Officer with the TSE and FSE upon his reelection.				

(Notes)

- There are no special interests between the Company and any of the Director candidates.
- At the close of this general meeting of shareholders, Messrs. Takashige Araki and Tetsuya Notabe will have been in office as External Directors who are Audit & Supervisory Committee Members for six (6) years. They were External Audit & Supervisory Board Members of the Company in the past. Mr. Takashige Araki was an Audit & Supervisory Board Member of Nippon Straw Co., Ltd., Clean Surface Technology Co., Ltd. and Meiko Shokai Co., Ltd., which are subsidiaries of the Company.
- Mr. Takashige Araki is an Audit & Supervisory Board Member of Hanabishi Co., Ltd., Hanabishi Sewing Co., Ltd. and Nippon Katan Co., Ltd. which are business entities that have special relationships with the Company as its consolidated subsidiaries.
- The Company has set forth a provision in the Articles of Incorporation that it may, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, enter into an Agreement for Limitation of Liability with the Directors (excluding those who are Executive Directors), which limits the liability for damages provided for in Article 423, Paragraph 1 of the Companies Act to the minimum stipulated by relevant laws and regulations. The Company has entered into the Agreement for Limitation of Liability with Messrs. Toshihiro Nomoto, Takashige Araki and Tetsuya Notabe. If the re-nominations of Messrs. Nomoto, Araki and Notabe are approved, the Company is scheduled to enter into an Agreement for

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Limitation of Liability with each of them.


5. The Company has concluded a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The insurance contract covers any damages that may result from the insureds including Directors of the Company being liable for the performance of their duties or being subject to a claim for the pursuit of such liability. Provided, however, that there are certain exemptions; for example, damage caused as a result of any conduct committed while knowing that the conduct is in violation of laws and regulations shall not be covered. If the re-nomination of each candidate as Director is approved, they will be the insureds under the said insurance contract. Also, the said insurance contract will be renewed in October 2022.

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Fourth Proposal: Election of One (1) Substitute Director who is an Audit & Supervisory Committee Member

The effect of the election of Mr. Takashi Shinohara to the position of Substitute Director who is an Audit & Supervisory Committee Member, which was approved at the 164th Annual General Meeting of Shareholders held on June 19, 2020, will expire at the opening of this general meeting of shareholders. Therefore, the Company requests the election of one (1) Substitute Director who is an Audit & Supervisory Committee Member as a substitute for all Directors who are Audit & Supervisory Committee Members in advance to prepare for any cases where the number of Directors who are Audit & Supervisory Committee Members falls below the number stipulated by laws and regulations.

The consent of the Audit & Supervisory Committee has been obtained with regard to this proposal. The sole candidate is presented below:

Name (Date of birth)	Summary of career, titles and responsibilities, and important positions at other organizations concurrently assumed		Candidate's shareholding in the Company
 Takashi Shinohara (December 7, 1954 67 years old)	March 1980	Registered as Certified Public Accountant	None
	Jan. 1982	Representative, CPA Shinohara Takashi Office (to present)	
	May 1984	Registered as Certified Public Tax Accountant	
	Jan. 2010	Representative Partner of Shinohara & Ueda Tax Corporation (to present)	
	June 2010	External Director of the Company	
	(Important positions at other organizations concurrently assumed) Representative, CPA Shinohara Takashi Office Representative Partner, Shinohara & Ueda Tax Corporation		
<input type="checkbox"/> Re-nominated <input type="checkbox"/> External <input checked="" type="checkbox"/> Independent			

(Reasons for nominating the candidate as Substitute External Director and expected role)

From a technical viewpoint, Mr. Takashi Shinohara has contributed to the management of the Company at meetings of the Board of Directors with his extensive experience and advanced technical knowledge of corporate accounting and tax affairs gained as a certified public accountant and certified public tax accountant, as well as with his expertise and broad practical experience developed through his involvement in the overall management of the Company as an External Director of the Company between 2010 and 2016. Considering these accomplishments, the Company will ask the shareholders to reelect him as a candidate for Substitute Director who is an Audit & Supervisory Committee Member because it believes that he can supervise the management of the Company from an independent and objective perspective based on the experience, knowledge and insights that he has developed.

(Matters concerning independence)

As Mr. Takashi Shinohara meets the requirements of Independent Officers as stipulated in the regulations of the TSE and FSE, the Company will register him as an Independent Officer with both exchanges upon his election.

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(Notes)

1. There are no special interests between the Company and the candidate.
2. Mr. Shinohara was an External Director of the Company in the past.
3. The Company has set forth a provision in the Articles of Incorporation that it may, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, enter into an Agreement for Limitation of Liability with the Directors (excluding those who are Executive Directors), which limits the liability for damages provided for in Article 423, Paragraph 1 of the Companies Act to the minimum stipulated by relevant laws and regulations. If Mr. Takashi Shinohara is appointed, the Company is scheduled to enter into an Agreement for Limitation of Liability with him.
4. The Company has concluded a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The insurance contract covers any damages that may result from the insureds including Directors of the Company being liable for the performance of their duties or being subject to a claim for the pursuit of such liability. Provided, however, that there are certain exemptions; for example, damage caused as a result of any conduct committed while knowing that the conduct is in violation of laws and regulations shall not be covered. If Mr. Takashi Shinohara is appointed to an External Director who is an Audit & Supervisory Committee Member, he will be included in the insureds under the said insurance contract.

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Reference Material

1. The Expertise of the Director Candidates (Skills Matrix)

The expertise of the Director candidates are as follows:

Directors	Expertise of Directors						
	Management experience	Business Management	Investment/ M&A	Finance/ Accounting	Risk Management	Legal affairs/ Compliance	HR/ Labor affairs
Representative Director and Chairman Shinichiro Kushima	•	•	•	•	•		
Representative Director and President Taishi Yoshioka	•	•	•	•	•		
External Director Hironori Higaki <u>External</u> <u>Independent</u>	•	•		•	•		
External Director Yuri Sugano <u>External</u> <u>Independent</u>			•			•	•
Director (Full-time Audit & Supervisory Committee Member) Toshihiro Nomoto		•	•	•			
External Director (Full-time Audit & Supervisory Committee Member) Takashige Araki <u>External</u> <u>Independent</u>	•	•	•	•	•		
External Director (Audit & Supervisory Committee Member) Tetsuya Notabe <u>External</u> <u>Independent</u>					•	•	•

External : Candidate for External Director

Independent : Candidate for Independent Officer stipulated by the TSE and FSE

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2. Company Management Systems and Policies

(1) Systems to ensure directors perform their duties in compliance with laws, regulations and the Articles of Incorporation, and other systems to ensure the appropriateness of business activities:

Pursuant to the provisions of the Companies Act and the Companies Act Enforcement Regulations, the Board of Directors of the Company has approved the following basic policy concerning the establishment of internal control systems.

Based on the basic policy, the Company ensures the appropriateness of business activities, and constantly reviews and improves the current systems for the purpose of establishing better internal control systems.

1. System to ensure directors of the group of companies consisting of the Company and its subsidiaries (the “**Corporate Group**”) perform their duties in compliance with laws, regulations and the Articles of Incorporation (Article 339-13, Paragraph (1), Item (i), (c) of the Companies Act, Article 110-4, Paragraph (2), Item (v) of the Regulations for Enforcement of the Companies Act):

The Corporate Group has established and enforces the “Corporate Philosophy”, “Management Vision: Our Goals for the Next Century” and “Compliance Manual” as the code of conduct for all members of the Company including directors and employees. The Regulations for the Board of Directors have been established to ensure its proper activities. The Board of Directors’ Meetings are in principle held once a month and at any time necessary. Directors exchange opinions, mutually supervise business execution, seek the opinion of legal counsel and other professionals as required, and take actions aimed at preventing any violation of laws, regulations or the Articles of Incorporation.

The Company has an Audit & Supervisory Committee which audits the performance of directors in accordance with auditing methods and divisions of responsibilities prescribed by the committee. If any director discovers any violation of laws, regulations or the Articles of Incorporation by another director, he or she shall immediately report it to the Audit & Supervisory Committee and the Board of Directors so that corrective measures can be taken.

2. Systems for Ensuring Proper Business Activities (Article 339-13, Paragraph (1), Item (i), (b) and (c) of the Companies Act, Article 110-4 of the Regulations for Enforcement of the Companies Act)
 - (1) System for the storage and management of information concerning directors’ performance of their duties (Article 110-4, Paragraph (2), Item (i) of the Regulations for Enforcement of the

Companies Act):

Information and documents concerning the directors' performance of their duties (hereinafter "Duties Information") shall be properly stored and managed (including the disposal thereof) in accordance with the Company's internal rules, with the actual conditions of storage and management to be examined and the rules to be reviewed and amended, as necessary.

(2) The Corporate Group's regulations and other systems concerning risk management of loss (Article 110-4, Paragraph (2), Item (ii) and (v) of the Regulations for Enforcement of the Companies Act):

- i. Based on the Risk Management Regulations that set forth the basic framework for risk management for the Corporate Group, mainly the Risk Management Committee shall collect and assess risk information in an integrated and comprehensive manner, identify critical risks and address such risks according to their materiality.
- ii. Risks inherent in significant decision-making for business execution shall be considered by each company and department in advance before further assessment by the Management Meeting and the Board of Directors to prevent losses from occurring.
- iii. Risks in business activities in each company and department, such as risks in purchase and sale transactions, foreign exchange and interest rate fluctuations, and credit risks, shall be assessed, settled or approved based on the Regulations for Delegating Job Responsibilities to avoid or prevent the risk of loss.
- iv. The Internal Audit Department shall perform audits of the risk management system. Each audited company and department shall promptly take corrective or improvement measures as needed.

(3) Systems to ensure the efficient execution of directors' duties (Article 110-4, Paragraph (2), Item (iii) of the Regulations for Enforcement of the Companies Act):

- i. The Executive Officer system shall be introduced with the aim of prompt and efficient decision-making through the separation of management functions and business execution.
- ii. As a decision-making body other than the Board of Directors, the Company has established the Management Meeting, which is attended by Directors (excluding External Directors and Directors who are Audit & Supervisory Committee Members) and Executive Officers, and delegates partial authority to it, leaving only the most important matters for resolution by the Board of Directors, to ensure the efficient execution of directors' duties. The Company shall establish a system to ensure that all board members receive sufficient advance materials on the agenda items presented to the Board of Directors in accordance with the principle of management decisions.
- iii. In order to conduct daily business activities, authority shall be delegated to relevant departments based on the Regulations for Delegating Job Responsibilities and Regulations for the Assignment of Business Activities. In addition, the persons at each level of

responsibility shall perform their jobs in accordance with the decision-making rules.

(4) Systems to ensure the Corporate Group's employees perform their duties in compliance with laws, regulations and the Articles of Incorporation (Article 110-4, Paragraph (2), Item (iv) and (v) of the Regulations for Enforcement of the Companies Act):

- i. In order to ensure that all employees of the Corporate Group thoroughly comply with laws, regulations and the Articles of Incorporation, the Company has established the Compliance Committee chaired by the Representative Director and President, and a system for all employees to internally report any violation of laws, regulations or the Articles of Incorporation under the Compliance Rules and Compliance Manual.
- ii. The Company has established a reporting system whereby the details of any compliance-related situation or event, and proposals for appropriate countermeasures, are reported to the Board of Directors and the Audit & Supervisory Committee via the Compliance Committee, if any such situation or event occurs.
- iii. The Compliance Committee shall appoint a person-in-charge and a promoter in each department in accordance with the provisions of the Compliance Rules, and control and supervise adherence to the Compliance Manual.
- iv. The Internal Audit Department shall perform audits of the status of compliance with laws, regulations, the Articles of Incorporation and other internal regulations. Each audited department shall promptly take corrective or improvement measures as needed.

(5) Other systems to ensure the appropriateness of business operations of the Corporate Group (Article 110-4, Paragraph (2), Item (v) of the Regulations for Enforcement of the Companies Act):

- i. The Company has established the Group Company Management Rules, which specify the policy for the appropriate management of its subsidiaries, and the Business Planning Department of the Company administers the matters to be reported by subsidiaries to the Company and those to be approved by the Company.
- ii. Decision-making processes related to business execution of the subsidiaries shall be implemented according to the Regulations for Delegating Job Responsibilities of the Company and the subsidiaries. The Company shall ensure the appropriateness of business operations of the subsidiaries by maintaining certain involvement by the Company in the decision-making of the subsidiaries.
- iii. The Internal Audit Department of the Company shall enter into an internal auditing agreement with its subsidiaries and shall conduct internal audits for the Group as a whole. The audit results shall be reported to relevant departments and the Board of Directors of the Company, and corrective and improvement measures shall be taken as needed.
- iv. As members of society, the Corporate Group shall not have any relationship with antisocial forces or organizations that threaten the order and safety of civil society, and shall take a

firm stance against such forces or organizations.

- (6) Matters concerning the appointment of employees to assist the Audit & Supervisory Committee in performing its duties (Article 110-4, Paragraph (1), Item (i) of the Regulations for Enforcement of the Companies Act) :

The Company may assign employees to assist the Audit & Supervisory Committee in performing its duties for required periods of time, if requested by the committee.

- (7) Matters concerning the independence of employees assisting the Audit & Supervisory Committee in performing its duties from directors, and matters for ensuring the effectiveness of instructions given to those employees (Article 110-4, Paragraph (1), Item (ii) and (iii) of the Regulations for Enforcement of the Companies Act) :

- i. Consent of the Audit & Supervisory Committee is required to appoint or remove any employees who assist the committee in performing its duties.
- ii. All employees who assist the Audit & Supervisory Committee in performing its duties shall be subject to its direction and orders during the period of their service in assisting the committee.

- (8) System for directors and employees of the Corporate Group to report to the Audit & Supervisory Committee, other systems for reporting to the committee, and system to ensure that those reporters are not treated adversely for making such reports (Article 110-4, Paragraph (1), Item (iv) and (v) of the Regulations for Enforcement of the Companies Act):

- i. Directors and employees shall report or provide information as necessary upon any Audit & Supervisory Committee Member's request, in accordance with the decision of the Audit & Supervisory Committee.
- ii. Matters to be reported or informed under the preceding paragraph shall mainly include the following:
 - Situation of activities of departments involved in establishing the Corporate Group's internal control systems
 - Situation of activities of the Audit & Supervisory Board Members and the Internal Audit Department or any equivalent departments of any of the Company's subsidiaries, etc.
 - The Corporate Group's significant accounting policy, accounting standards and changes thereof
 - Details of the announcement of operating results of the Corporate Group or forecasts thereof and other important disclosure documents of the group
 - Operation of the internal reporting system of the Corporate Group and details of the reported information
 - Obligatory circulation of decision approval forms and minutes of meetings of the Corporate Group requested by Audit & Supervisory Committee Members
- iii. The Company shall not adversely treat any person belonging to the Corporate Group who

reports or provides information to the Audit & Supervisory Committee as described in this paragraph on the grounds that he or she made such report or provided such information.

(9) Matters concerning the procedures for advance payment or reimbursement of expenses incurred for the execution of duties by Audit & Supervisory Committee Members, and any other policies for settlement of costs or debts incurred for the execution of their duties (Article 110-4, Paragraph (1), Item (vi) of the Regulations for Enforcement of the Companies Act):

- i. The Company shall include in its budget for each fiscal year a certain amount to reimburse expenses to be incurred for the execution of duties by Audit & Supervisory Committee Members.
- ii. If any Audit & Supervisory Committee Members request advance payment of expenses to be incurred to execute their duties or make any other similar requests to the Company, then the Company shall settle such expenses or debts in a timely manner upon consideration by the relevant department unless it determines that those expenses or debts are not necessary for the execution of their duties.

(10) Other systems to ensure the effectiveness of audits by the Audit & Supervisory Committee (Article 110-4, Paragraph (1), Item (vii) of the Regulations for Enforcement of the Companies Act):

The Audit & Supervisory Committee shall meet at least twice a year to hear from the Executive Directors in charge of each business operation and important employees individually (or at any time deemed necessary by the committee). In addition, periodic meetings shall be held for the Representative Directors and accounting auditors to exchange opinions.

3. System to ensure the reliability of financial reports:

In order to ensure the reliability of financial reports, and to effectively and appropriately submit the internal control reports specified in Article 24-4-4 of the Financial Instruments and Exchange Act as promulgated by the Financial Services Agency in June 2006, the Company, under the direction of the Representative Director and President, has established an internal control system to ensure compliance with the Financial Instruments and Exchange Act and other related laws and regulations, along with continuously evaluating and making the necessary adjustments to ensure the appropriate functioning of the system's mechanisms.

(2) Outline of the status of operation of the system to ensure appropriateness of business activities

The following is an outline of the status of operation of the system to ensure the appropriateness of the business activities of the Corporate Group:

1. Directors' performance of their duties:

The Board of Directors of the Company consists of seven (7) Directors (including three (3) Directors who are Audit & Supervisory Committee Members), and held Board of Directors'

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Meetings fourteen (14) times during the period under review. The Board of Directors deliberates on important business execution and other important matters stipulated in the Regulations for the Board of Directors, and oversees the status of business execution.

The Company held the Management Meeting attended by Directors (excluding External Directors and Directors who are Audit & Supervisory Committee Members), and Executive Officers, and External Directors and Audit & Supervisory Committee Members as observers twelve (12) times during the period under review. Matters to be discussed at Board of Directors' Meetings and other important matters related to business execution delegated by the Board of Directors are deliberated at the Management Meeting.

2. Risk management:

The Company held the Risk Management Committee Meeting chaired by the President, consisting of Directors (excluding External Directors and Directors who are Audit & Supervisory Committee Members) and Executive Officers as committee members, and External Directors, Directors who are Audit & Supervisory Committee Members and the Manager of the Internal Audit Department as observers two (2) times during the period under review. The Risk Management Committee evaluates all risks reported by all departments of the Company, identifies critical risks, and then decides policies for enacting measures against such risks, and confirms the progress of those measures. In addition, the Risk Management Committee confirms the progress of measures against all critical risks reported by all subsidiaries. The Internal Audit Department also performs audits of the risk management system.

3. Compliance:

The Corporate Group has distributed the Compliance Manual to all employees and holds compliance promotion meetings regularly at all departments and subsidiaries of the Company to raise compliance awareness and confirm adherence to the manual.

Further, the Company held the Compliance Committee Meeting chaired by the President, consisting of Directors (excluding External Directors and Directors who are Audit & Supervisory Committee Members) and Executive Officers as committee members, and External Directors and Directors who are Audit & Supervisory Committee Members and the Manager of the Internal Audit Department as observers two (2) times during the period under review. The Compliance Committee deliberates matters related to compliance or reports on internally reported matters, and confirms the progress of those measures.

The Internal Audit Department performs audits of the status of compliance with laws and regulations, the Articles of Incorporation, and internal rules and regulations, and provides guidance on correction and improvement as needed.

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4. Subsidiary management system:

In accordance with the Group Company Management Rules, the Business Planning Department in charge of managing subsidiaries receives reports on the business conditions of subsidiaries, and manages matters to be reported to the Company or to be approved according to the Regulations for Delegating Job Responsibilities of the Company and the subsidiaries.

In order to ensure the appropriateness of the business operations of the subsidiaries, matters related to the management of the subsidiaries that are particularly important are deliberated and decided upon at the Board of Directors' Meetings or the Management Meeting of the Company. In addition, minutes of the Board of Directors' Meetings of subsidiaries are reported at the Board of Directors' Meetings of the Company every month and Directors of subsidiaries are asked to explain details of the proposals as necessary to ensure a system so that the Board of Directors of the Company can supervise the Board of Directors of subsidiaries. Furthermore, the Internal Audit Department has entered into an internal auditing agreement with and conducted internal audits for the subsidiaries.

5. Audit system of the Audit & Supervisory Committee:

The Audit & Supervisory Committee consists of three (3) Directors who are Audit & Supervisory Committee Members (including two (2) External Directors) and appoints two (2) Full-time Audit & Supervisory Committee Members through mutual voting by the committee members. In addition, the Company assigned one (1) employee to assist the Audit & Supervisory Committee in performing its duties based on a request from the committee itself.

The Company held the Audit & Supervisory Committee Meeting fourteen (14) times during the period under review, and held discussions and made decisions based on audit results reported by each Audit & Supervisory Committee Member.

In accordance with the audit policies and division of duties established and specified by the Audit & Supervisory Committee, each Audit & Supervisory Committee Member investigates the status of operations, assets and properties of the Company and subsidiaries, and audits the execution of duties of Directors. Specifically, Audit & Supervisory Committee Members attend important internal meetings including the Board of Directors' Meetings and exchange opinions with Representative Directors to ensure the effectiveness of audits. In addition, Audit & Supervisory Committee Members endeavor to work with accounting auditors, the Internal Audit Department, and Audit & Supervisory Board Members of subsidiaries, as well as to conduct interviews to hear from Executive Directors in charge of each business operation, important employees, and all subsidiaries individually.

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3. Policy Concerning the Determination of Dividends, Etc. Distributed from Retained Earnings

The Company considers the return of profits to its shareholders as an important management priority, and has a basic policy of continuing to return profits to them in proportion to the operating results, thereby retaining the necessary internal reserves for the stable growth of the Company and the financial flexibility necessary for responding to the changing business environment. About dividends from surplus, the Company sets a target dividend payout ratio of 30% under its mid-term business plan as a rough indicator, and the Board of Directors makes the ultimate decision based on a comprehensive perspective.