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(Stock Exchange Code 9672)

March 11, 2024

(Commencement date of the electronic provision measures: March 4, 2024)

To Shareholders with Voting Rights:

Mitsuchika Tarao
President & Director
TOKYOTOKEIBA Co., Ltd.
6-8, Omori-kita 1-chome, Ota-ku,
Tokyo, Japan

**NOTICE OF CONVOCATION OF
THE 99TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

We are pleased to inform you that the 99th Annual General Meeting of Shareholders of TOKYOTOKEIBA Co., Ltd. (the “Company”) will be held for the purposes as described below.

In convening this meeting, the Company has taken the electronic provision measures and posted matters for the electronic provision measures on its website below on the Internet

<https://www.tokyotokeiba.co.jp/ir/stock/meeting.html> (in Japanese only)

The matters for the electronic provision measures are also posted on the website of the Tokyo Stock Exchange (TSE), in addition to the aforementioned website. Please find the information by visiting the TSE’s website (Listed Company Search) linked below. On this page, you can search for the information by entering either the issue name (company name) or the stock exchange code, and then confirm the information by selecting “Basic information” and then “Documents for public inspection/PR information.”

TSE’s website (Listed Company Search)

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

If you do not intend to attend the meeting in person, you can exercise your voting rights in writing or via the Internet, so please exercise your voting rights in writing or via the Internet by no later than 6:00 p.m. Japan time on Wednesday, March 27, 2024, as described in “How to Exercise Your Voting Rights” on page 3 (available in Japanese only).

- 1. Date and Time:** Thursday, March 28, 2024 at 10:00 a.m. Japan time
- 2. Place:** B1 Grand Ballroom TENKU of Tokyo Dome Hotel located at 3-61, Koraku 1-chome, Bunkyo-ku, Tokyo, Japan
- 3. Meeting Agenda:**
- Matters to be reported:**
1. The Business Report and the Consolidated Financial Statements for the Company's 100th Fiscal Year (January 1, 2023–December 31, 2023), and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company's 100th Fiscal Year (January 1, 2023–December 31, 2023)
- Proposals to be resolved:**
- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Partial Amendments to the Articles of Incorporation
- Proposal 3:** Election of Nine (9) Directors
- Proposal 4:** Determination of Remuneration for Granting Restricted Stock to Directors (excluding Outside Directors)

Notes:

- ◎ When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
- ◎ Of the matters for the electronic provision measures, the following matters are not included in the documents delivered to shareholders who have requested them in accordance with the provisions of laws and regulations as well as Article 18 of the Company's Articles of Incorporation.
 1. System for Ensuring the Properness of Business Activities and Outline of the Operation Thereof in the Business Report
 2. Notes to Consolidated Financial Statements in the Consolidated Financial Statements
 3. Notes to Non-consolidated Financial Statements in the Non-consolidated Financial StatementsThe Corporate Auditors and the Accounting Auditor have audited all the documents to be audited, including the above matters.
- ◎ Should the matters for electronic provision measures require revisions, they will be posted on the aforementioned websites.
- ◎ If exercising your voting rights by proxy, another shareholder holding voting rights of the Company may be chosen as proxy to exercise your voting rights; provided, however, that written proof of their right of proxy is submitted.
- ◎ The reception is scheduled to open at 9:00 a.m. on the day of the General Meeting. Please also bring this "Notice of Convocation" with you to conserve resources.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The Company proposes the year-end dividend for the fiscal year under review be appropriated as follows, taking operating performance, the future business environment and other factors into consideration.

Matters concerning the year-end dividend

- (1) Type of dividend property
Cash

- (2) Matters concerning the allotment of dividend property to shareholders and the total amount
60 yen per share of the common stock of the Company, for a total of 1,644,469,680 yen

- (3) Effective date of distribution of surplus
March 29, 2024

* As an interim dividend of 30 yen per share was already paid out, the annual dividends per share for the fiscal year under review will be 90 yen per share.

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for amendments

- The proposed amendment to Article 19 is to change the number of Directors from fourteen (14) to eleven (11) for the purpose of ensuring prompt, accurate, and decisive decision-making through active deliberation by the Board of Directors.
- The proposed amendment to Article 21 is to change the term of office of Directors from two (2) years to one (1) year in order to build a management structure that can respond quickly to changes in the business environment, increase the opportunity to reflect shareholders’ confidence, clarify the management responsibilities of Directors, and thus to strengthen the governance system. The provisions for adjustment of the term of office will be deleted accordingly.
- The proposed amendment to Article 26 is to ensure that the chairperson of the Board of Directors is nominated by the Board of Directors, with the aim of ensuring flexible management of the Board of Directors.

2. Details of amendments

The details of the amendments are as follows:

(Amended parts are underlined.)



Current Articles of Incorporation	Proposed Amendments
<p>Article 1. – Article 18. (Omitted)</p> <p>(Number of Directors) Article 19. The number of directors of the Company shall be <u>fourteen (14)</u> or less.</p> <p>Article 20. (Omitted)</p> <p>(Term of Office of Directors) Article 21. The term of office of directors shall expire at the conclusion of the annual general meeting of shareholders for the last fiscal year ending within <u>two (2) years</u> after their election. <u>2. The term of office of a director elected as a replacement for a director who retired before the expiration of the term of office shall be until the expiration of the term of office of the retired director.</u></p> <p>Article 22. – Article 25. (Omitted)</p> <p>(Chairperson of the Board of Directors and Method of Resolution) Article 26. The chairperson of the board of directors shall be <u>the chairperson of the Company, and in the event of a vacancy or or accident to the chairperson of the Company, the president and director of the Company shall act as chairperson of the board of directors.</u> <u>2. In the event of an accident to both the chairperson and the president & director of the Company, another director shall act in their place in the order determined by the board of directors in advance.</u> <u>3.</u> A resolution of the board of directors may be passed by a majority vote of directors present at a meeting attended by a majority of directors entitled to vote on the resolution. <u>4.</u> The Company shall deem that a resolution of the board of directors has been passed when the requirements of Article 370 of the Companies Act have been fulfilled.</p> <p>Article 27. – Article 45. (Omitted)</p>	<p>Article 1. – Article 18. (Unchanged)</p> <p>(Number of Directors) Article 19. The number of directors of the Company shall be <u>eleven (11)</u> or less.</p> <p>Article 20. (Unchanged)</p> <p>(Term of Office of Directors) Article 21. The term of office of directors shall expire at the conclusion of the annual general meeting of shareholders for the last fiscal year ending within <u>one (1) year</u> after their election.</p> <p>(Deleted)</p> <p>Article 22. – Article 25. (Unchanged)</p> <p>(Chairperson of the Board of Directors and Method of Resolution) Article 26 The chairperson of the board of directors shall be <u>a director appointed by the board of directors.</u></p> <p>(Deleted)</p> <p><u>2.</u> A resolution of the board of directors may be passed by a majority vote of directors present at a meeting attended by a majority of directors entitled to vote on the resolution. <u>3.</u> The Company shall deem that a resolution of the board of directors has been passed when the requirements of Article 370 of the Companies Act have been fulfilled.</p> <p>Article 27. – Article 45. (Unchanged)</p>



Proposal 3: Election of Nine (9) Directors



If Proposal 2 is approved and the term of office of Directors is shortened, the term of office of all Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, it is proposed that the number of Directors be reduced by two (2) and the following nine (9) Directors be elected, so that the Company can make decisions more quickly.


The candidates for Directors are as follows. Matters concerning the candidates for Directors are as described on pages 6 through 10:

No.	Name		Current positions and responsibilities at the Company
1	[Reappointment]	Mitsuchika Tarao	President and Representative Director
2	[Reappointment]	Hitoshi Yamate	Managing Director In charge of Public Competition Business, Facilities Maintenance Department
3	[Reappointment]	Masahiro Ito	Managing Director In charge of Planning, Finance, and Warehouse Leasing Business
4	[Reappointment]	Kazuhito Takakura	Managing Director In charge of General Affairs, Amusement Park Business, and Service Business General Manager, General Affairs Department
5	[Reappointment]	Motokazu Takano	Director General Manager, Facilities Maintenance Department
6	[Reappointment]	Koji Sato	[Outside Director] [Independent Director] Director
7	[Reappointment]	Etsuko Nagashima	[Outside Director] [Independent Director] Director
8	[Reappointment]	Yoshinari Morisaki	[Outside Director] [Independent Director] Director
9	[Reappointment]	Hideshi Tanaka	[Outside Director] [Independent Director] Director

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company (Significant concurrent positions)	Number of shares of the Company held
1	 Mitsuchika Tarao (August 23, 1957) [Reappointment]	June 1980 Joined the Tokyo Metropolitan Government July 2012 Director, Bureau of Port and Harbor July 2015 Director, Bureau of Citizens and Cultural Affairs July 2016 Director, Bureau of General Affairs July 2018 Vice Governor of Tokyo December 2021 President and Representative Director, Utilization of Construction Resources Center March 2023 Chairperson, Tokyo Summerland Co., Ltd. (to present) March 2023 Chairperson, Tokyo Property Service Co., Ltd. (to present) March 2023 Chairperson, Tokyo Souko Co., Ltd. (to present) March 2023 President and Representative Director, the Company (to present)	600
[Reason for nomination as candidate for Director] Having filled various key posts in local public entities, Mr. Mitsuchika Tarao has a track record such as in managing diverse and large-scale organizations and has a wide range of work experience and abundant knowledge in various fields such as crisis management, urban development, and promotion of culture and sports. Currently, he serves as President and Representative Director of the Company and leads the management of the entire Group, and the Company believes that he is qualified for the position of Director. To have him realize the Company's vision for 2035 to become a creator of space that builds communities full of smiles stated in the Long-Term Management Vision 2035 disclosed in February 2024, the Company nominates him again as a candidate for Director.			
2	 Hitoshi Yamate (August 21, 1960) [Reappointment]	April 1984 Joined the Tokyo Metropolitan Government July 2015 Administration Officer (in charge of human rights), Bureau of General Affairs, Tokyo Metropolitan Government Director, Secretary Office of Mutual Benefit Association for Tokyo Metropolitan Government Employees April 2016 Director, Bureau of Transportation, Tokyo Metropolitan Government July 2019 Director, Office of the Governor for Policy Planning, Tokyo Metropolitan Government July 2020 Director, Bureau of General Affairs, Tokyo Metropolitan Government June 2021 Director, Tokyo Metropolitan Government Personnel Support Foundation March 2022 Managing Director; in charge of Public Competition Business and Facilities Maintenance Department (to present) April 2022 President and Representative Director, e Paddock Co., Ltd. (to present)	1,000
[Reason for nomination as candidate for Director] Having filled various key posts in local public entities, Mr. Hitoshi Yamate has a track record such as in building an efficient business execution system and has a wealth of experience and knowledge in various fields such as human resources, labor management, and DX planning. Currently, he serves as Managing Director of the Company and is appropriately performing his duties in the overall management of the Group in addition to the management and operation of the Company's facilities focusing on safety and security. Accordingly, the Company believes that he is qualified for the position of Director and nominates him again as a candidate for Director.			

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company (Significant concurrent positions)	Number of shares of the Company held
3	 Masahiro Ito (February 24, 1965) [Reappointment]	April 1987 Joined the Company April 2014 General Manager, Horse Racing Business Department March 2017 Director; General Manager, Horse Racing Business Department March 2019 Director March 2019 Managing Director, Tokyo Summerland Co., Ltd. March 2021 Director March 2021 Director; General Manager, Finance Department, the Company March 2022 Managing Director; in charge of Planning, Finance, and Warehouse Leasing Business (to present) March 2023 Director, Tokyo Souko Co., Ltd. (to present)	2,800
[Reason for nomination as candidate for Director] Mr. Masahiro Ito has been engaged in the Company's Horse Racing Business, Amusement Park Business, and other businesses, has a track record such as in leading the development of the Company's core businesses, and a deep understanding of the Group and a wealth of knowledge through a wide range of practical experience. Currently, he serves as Managing Director of the Company and is appropriately performing his duties such as developing new businesses in the Planning Department and promoting the stabilization of the financial base in the Finance Department. Accordingly, the Company believes that he is qualified for the position of Director and nominates him again as a candidate for Director.			
No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company (Significant concurrent positions)	Number of shares of the Company held
4	 Kazuhito Takakura (November 16, 1965) [Reappointment]	April 1989 Joined the Company April 2013 Deputy General Manager, Planning Department October 2014 General Manager, Internal Control Audit Office April 2017 General Manager, Facilities Maintenance Department April 2018 General Manager, General Affairs Department March 2019 Director; General Manager, General Affairs Department March 2023 Director; Tokyo Property Service Co., Ltd. (to present) March 2023 Managing Director; in charge of General Affairs, Amusement Park Business, and Service Business; General Manager, General Affairs Department (to present)	3,600
[Reason for nomination as candidate for Director] Mr. Kazuhito Takakura has been engaged in the Company's General Affairs Department, Internal Control Department, and other departments, and has a track record such as in leading the strengthening of the business management of the Company. Thus, he has a deep understanding of the Group and a wealth of knowledge through a wide range of practical experience. Currently, he serves as Managing Director of the Company and is appropriately performing his duties such as improving corporate governance and promoting sustainable management. Accordingly, the Company believes that he is qualified for the position of Director and nominates him again as a candidate for Director.			

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company (Significant concurrent positions)	Number of shares of the Company held
7	 Etsuko Nagashima (August 10, 1959) [Reappointment] [Outside Director] [Independent Director]	April 2007 Officer, Director of Entertainment Division, Oriental Land Co., Ltd. April 2011 Officer in charge of CS Enhancement Department and Cast Development Department April 2015 Officer in charge of CS Enhancement Department and Social Activity Promotion Department June 2018 Officer in charge of Social Activity Promotion Department April 2019 Advisor March 2021 Director, the Company (to present) June 2023 Outside Director, Kyogoku unyushoji Co., Ltd. (to present) October 2023 Outside Director, LDH JAPAN Inc. (to present)	400
[Reason for nomination as candidate for Outside Director and overview of expected roles] Ms. Etsuko Nagashima has provided useful opinions at Board of Directors meetings, etc. based on her wealth of experience and deep insight in the entertainment industry since her appointment as an Outside Director of the Company. She has appropriately performed her duties as an Outside Director for the business development of the Group, which bases itself on the Company's corporate philosophy of "reimagining space and creating smiles." Accordingly, the Company nominates her again as a candidate for Outside Director to seek her advice and proposals based on her experience and knowledge in the course of the Company's managerial decision-making and in the hope that she will contribute to maintaining and enhancing the Company's governance from an independent standpoint. She will have served as Outside Director for three years at the conclusion of this Annual General Meeting of Shareholders.			
8	 Yoshinari Morisaki (April 1, 1953) [Reappointment] [Outside Director] [Independent Director]	July 2004 Executive Officer & Stock Transfer Agency Business Division Manager, UFJ Trust Bank Limited (current Mitsubishi UFJ Trust and Banking Corporation) June 2008 President & CEO, Japan Shareholder Services Ltd. October 2015 Deputy Director-General, Japan Exchange Group, Inc. June 2018 Chairman, Tasku Advisors, Co., Ltd. (to present) January 2019 Auditor, GiG Works Inc. March 2022 Director, the Company (to present)	1,100
[Reason for nomination as candidate for Outside Director and overview of expected roles] Mr. Yoshinari Morisaki has provided useful opinions at Board of Directors meetings, etc. based on his wealth of experience in financial institutions and the securities industry and deep insight in corporate governance since his appointment as an Outside Director of the Company. He has appropriately performed his duties as an Outside Director for the improvement of the Company's corporate value by enhancing governance and ensuring financial soundness. Accordingly, the Company nominates him again as a candidate for Outside Director to seek his advice and proposals based on his experience and knowledge in the course of the Company's managerial decision-making and in the hope that he will contribute to maintaining and enhancing the Company's governance from an independent standpoint. He will have served as Outside Director for two years at the conclusion of this Annual General Meeting of Shareholders.			

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company (Significant concurrent positions)	Number of shares of the Company held
9	 Hideshi Tanaka (October 10, 1953) [Reappointment] [Outside Director] [Independent Director]	April 2004 Director General, Policy and Management Division, Minato City, Tokyo April 2006 Director General, Shibaura Konan Regional City Office, Minato City, Tokyo April 2010 Director General, Planning and Management Department, Minato City, Tokyo August 2012 Deputy Mayor, Minato City, Tokyo September 2020 Director, The Minato City Sports, Culture, and Health Foundation (Minato-ku Sports Fureai Bunka Kenko Zaidan) (to present) June 2021 Director, Social Welfare Organization Boshiaiikukai (to present) March 2022 Director, the Company (to present)	300
		[Reason for nomination as candidate for Outside Director and overview of expected roles] Mr. Hideshi Tanaka has provided useful opinions at Board of Directors meetings, etc. since his appointment as an Outside Director of the Company, based on his wealth of knowledge in disaster and crisis management measures and the utilization of IT and digital technology in local governments, as well as his experience in the promotion of sports and culture as a representative of a public interest incorporated foundation. He has appropriately performed his duties as an Outside Director for the enhancement of risk management and the promotion of sustainability management. Accordingly, the Company nominates him again as a candidate for Outside Director to seek his advice and proposals based on his experience and knowledge in the course of the Company's managerial decision-making and in the hope that he will contribute to maintaining and enhancing the Company's governance from an independent standpoint. He will have served as Outside Director for two years at the conclusion of this Annual General Meeting of Shareholders.	

- (Notes) 1. There are no special interests between each candidate and the Company.
2. Mr. Koji Sato, Ms. Etsuko Nagashima, Mr. Yoshinari Morisaki, and Mr. Hideshi Tanaka are candidates for Outside Directors.
3. Mr. Koji Sato, Ms. Etsuko Nagashima, Mr. Yoshinari Morisaki, and Mr. Hideshi Tanaka satisfy the requirements for Independent Directors as defined by Tokyo Stock Exchange, Inc., and the Company has registered them as Independent Directors. If they are elected, they will continue to be Independent Directors.
4. The Company has entered into a liability limitation agreement with Mr. Koji Sato, Ms. Etsuko Nagashima, Mr. Yoshinari Morisaki, and Mr. Hideshi Tanaka to limit their liability pursuant to the provision of Article 427, Paragraph 1 of the Companies Act. The maximum amount of liability pursuant to the agreement is the amount stipulated by laws and regulations. If they are elected, the Company intends to renew this agreement with them.
5. The Company has a directors and officers liability insurance policy, the details of which are summarized below, in order to secure excellent human resources and to not discourage them from executing their duties. This insurance policy is scheduled to be renewed in April 2024. The candidates for Directors in this Proposal have been insured under this insurance policy and will continue to be insured after their reappointment.

<Details of the Insurance Policy>

- 1) Net premiums to be borne by the insured
The insurance premiums, including those for riders, are borne by the Company. The insured will have no obligation to make any payments of premiums under the insurance policy.
- 2) Details of insured events to be covered by the insurance policy
This insurance policy and its riders cover damages that may arise from their responsibilities associated with the execution of their duties or claims taken against them for the pursuit of such responsibilities. However, certain exclusions apply to the insurance policy, which include cases where officers knowingly perform an act which they know is in violation of laws and regulations.
- 3) Measures to ensure that the properness of the duties of officers, etc. will not be impaired
The insurance policy has a deductible clause, and damages up to the deductible amount will not be covered.

(Reference) Officer Structure upon Approval of Proposal 3 (Plan)

As we approach the 75th anniversary of our founding in 2024, we have committed ourselves to strengthening our governance system, which we consider one of our priority issues, in order to flexibly adapt to future changes in the business environment and aim to further enhance our corporate value. We aim to ensure and improve the effectiveness of the Board of Directors and to continue to be a company that meets the expectations of stakeholders and contributes to the development of society through sincere and sound business activities based on our corporate philosophy. For these purposes, the Company has reexamined the skills required of the Company's Board of Directors and the roles that the Company's officers should play, based on the experience and expertise of each officer. As a result, we have defined the skills and roles as the nine items below and clarified the content of each of them.

	Name		Expertise and experience (skillset)								
			Corporate management	Legal/ risk management	Public competition	Facilities management/ regional development	Leisure/ culture/sports	IT/ digital	HR/labor affairs/human resource development	Finance/ accounting/ financing	Sustainability/ ESG
Directors	Mitsuchika Tarao	[Nomination/ Remuneration]	○	○	○	○	○		○	○	○
	Hitoshi Yamate		○	○	○	○		○	○		
	Masahiro Ito		○	○	○	○		○		○	
	Kazuhito Takakura	[Nomination/ Remuneration]	○	○		○	○		○		○
	Motokazu Takano		○		○	○	○	○			
	Koji Sato	[Nomination/ Remuneration] [Outside] [Independent]	○		○	○			○	○	
	Etsuko Nagashima	[Nomination/ Remuneration] [Outside] [Independent]	○	○			○		○		○
	Yoshinari Morisaki	[Nomination/ Remuneration (Chairperson)] [Outside] [Independent]	○	○					○	○	○
	Hideshi Tanaka	[Nomination/ Remuneration] [Outside] [Independent]	○	○			○	○			○
Corporate Auditors	Kazumasa Murata		○	○			○		○	○	○
	Shintaro Ishijima	[Outside] [Independent]	○	○		○		○	○		
	Daisuke Tanaka	[Outside] [Independent]	○		○			○	○	○	
	Ryo Tanaka	[Outside] [Independent]	○		○	○	○				○

* Since the Company does not carry out business targeting overseas, descriptions regarding global business expertise are omitted.

The reasons for selecting the skills that the Company expects from Directors and Corporate Auditors are as follows:

Expertise and experience (skills)	Reasons for selection (skill summary)
Corporate management	The skill to promote corporate activities in line with the direction that the Group as a whole should take by utilizing experience in organizational management, in order to manage the Group from a broad perspective, which calls for making comprehensive judgments in, for example, business promotion and problem-solving, and having leadership ability to coordinate the entire Group
Legal/ risk management	The skill to supervise and promote appropriate business strategies in order to realize sound and continuous business operations through legal compliance, corporate governance, and risk management
Public competition	The skill to contribute to the future development of the Public Competition Business by utilizing the experience of the public competition business, which is the basis of the Company's founding purpose and a major pillar of the revenue base, and the experience and knowledge of being involved in public enterprises from the perspective of contributing to local government finances
Facilities management/ regional development	The skill to promote stable management of facilities and development through co-creation with local communities leveraging facilities we own, so that the Group, with its various facilities, can continue to provide safe and secure facilities; for example, work experience in the facilities management field and experience of being involved in projects related to regional development
Leisure/culture/sports	The skill to contribute to the Group's business development across a wide range of fields by utilizing one's own experience and knowledge in businesses that enrich people's minds, such as entertainment, leisure, culture, and sports, so that we can realize our corporate philosophy of "reimagining space and creating smiles"
IT/digital	The skill to respond flexibly and accurately to changes in people's lifestyles (for example, further systemic development in the public competition business), to expand services and consider new areas through the advancement of IT and digital technologies, which will be the key to future competitiveness, and to improve the efficiency of organizational management
HR/labor affairs/ human resource development	The skill to build an environment and system that utilize our experience and knowledge in human resources and organizational development, with the understanding that respecting the diversity of our employees and maximizing the growth of each and every employee will greatly lead to the enhancement of the Group's corporate value
Finance/accounting/financing	The skill to ensure corporate accounting compliance, build a sound and stable financial base with an awareness of the cost of capital, and supervise and promote appropriate financial strategies that achieve both enhanced shareholder returns and growth investments, based on specialized business experience in and knowledge on the fields of finance and accounting
Sustainability/ESG	The skill to promote "sustainability management" through a virtuous cycle of "PLACE, PLANET, PEOPLE," which is our unique bottom line, so that we can realize a sustainable society through our businesses

Proposal 4: Determination of Remuneration for Granting Restricted Stock to Directors (excluding Outside Directors)

The amount of remuneration, etc. for Directors of the Company was approved as an amount not to exceed 250 million yen per annum (excluding employee salaries for Directors who also serve as employees) at the 89th Annual General Meeting of Shareholders held on March 27, 2014.

As part of revisions to the officer remuneration plan, the Company proposes to pay new remuneration for granting restricted stock to Directors of the Company (excluding Outside Directors; hereinafter “Eligible Directors”), separately from the above remuneration amount, in order to incentivize Eligible Directors to continually enhance the corporate value of the Company and promote further value sharing with shareholders.

Under this proposal, the remuneration paid in order to grant restricted stock to Eligible Directors shall be monetary claims, and the total amount thereof shall be an amount not to exceed 50 million yen per annum (excluding employee salaries for Directors who also serve as employees). In addition, the specific timing of payment and allocation to each Eligible Director shall be determined by the Board of Directors.

At present, there are seven (7) Directors (excluding Outside Directors). If Proposal 3 “Election of Nine (9) Directors” is approved and passed as originally proposed, there will be five (5) Directors (excluding Outside Directors).

In addition, Eligible Directors shall pay all monetary claims paid to them under this proposal as property contributed in kind, and shall receive shares of common stock of the Company through issuance or disposal, pursuant to a resolution of the Board of Directors of the Company, and the total number of shares of common stock of the Company to be issued or disposed of in this way shall not exceed 25,000 shares per annum (however, if, on or after the date this proposal is approved and passed, a stock split (including a gratis allotment of common stock of the Company) or a reverse stock split is conducted in regard to the Company’s common stock, or if other circumstances arise that necessitate an adjustment to the total number of shares of common stock of the Company to be issued or disposed of as restricted stock, the Company shall adjust the total number of shares within a reasonable range).

Furthermore, the amount of monetary claims to be paid per share shall be an amount determined by the Board of Directors within a range that will not be a particularly advantageous amount for the Eligible Director who will receive the common stock, based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day before the date of each resolution by the Board of Directors (if there are no trades on that day, the closing price on the most recent preceding trading day). In addition, the issuance or disposal of common stock of the Company in this way and the payment of monetary claims as property contributed in kind in exchange for them are subject to the conclusion of a restricted stock allotment agreement (hereinafter the “Allotment Agreement”) between the Company and Eligible Directors containing the following content. In addition, the upper limit of remuneration, the total number of shares of common stock of the Company to be issued or disposed of, and other conditions for granting restricted stock to Eligible Directors under this proposal have been determined, taking into account the above objective, the Company’s business conditions, the policies for determining remuneration, etc. of individual Directors of the Company (if this proposal is approved and passed, such policies will be amended as described in the below [Reference] section so that they will be consistent with the approved content), and other various circumstances, and are therefore considered reasonable.

[Overview of the Allotment Agreement]

(1) Transfer restriction period

Eligible Directors shall not be able to transfer, create security interests on, or otherwise dispose of (hereinafter the “Transfer Restrictions”) common stock of the Company received by allotment under the Allotment Agreement (hereinafter the “Allotted Shares”), for a period predetermined by the Board of Directors of the Company between three years and thirty years from the date of allotment under the Allotment Agreement (hereafter the “Transfer Restriction Period”).

(2) Treatment upon resignation or retirement

If an Eligible Director resigns or retires from a position of an officer or employee of the Company or its subsidiary, as previously determined by the Board of Directors of the Company, prior to the expiration of the Transfer Restriction Period, the Company shall automatically acquire the Allotted Shares without consideration, excluding cases when the resignation or retirement is due to the end of his or her term, death, or other justifiable reason.

(3) Removal of transfer restrictions

Notwithstanding the provisions of (1) above, the Company shall remove the restriction on the transfer of all of the Allotted Shares upon the expiration of the Restriction Period, provided that the Eligible Director continuously holds, during the Transfer Restriction Period, a position of an officer or employee of the Company or its subsidiary, as previously determined by the Board of Directors of the Company. However, if the Eligible Director resigns or retires from the position specified in (2) above before the expiration of the Transfer Restriction Period due to the expiration of his/her term of office, death, or other justifiable reason,

the number of the Allotted Shares to be released from the Transfer Restrictions and the timing of release of the Transfer Restrictions shall be reasonably adjusted as necessary. In addition, the Company shall automatically acquire without consideration any Allotted Shares whose Transfer Restrictions have not been removed immediately after the removal of the Transfer Restrictions in accordance with the above provisions.

(4) Treatment in case of organizational restructuring, etc.

Notwithstanding the provisions of (1) above, if, during the Transfer Restriction Period, a merger agreement where the Company will be the merged company, share exchange agreement or share transfer plan where the Company will become a wholly owned subsidiary, or other item related to organizational restructuring, etc. is approved at a general meeting of shareholders of the Company (however, this shall be the Board of Directors of the Company if the organizational restructuring, etc. does not require approval by a general meeting of shareholders of the Company), the Company shall, by a resolution of the Board of Directors of the Company, remove the Transfer Restrictions ahead of the effective date of the organizational restructuring, etc. on a reasonably determined number of Allotted Shares, taking into consideration the period from the start date of the Transfer Restriction Period to the approval date of the organizational restructuring, etc.

In addition, in cases provided for above, the Company shall automatically acquire without consideration any Allotted Shares whose Transfer Restrictions have not been removed immediately after the removal of the Transfer Restrictions.

(5) Other matters

Other matters related to the Allotment Agreement shall be determined by the Board of Directors of the Company.

[Reference] Policies for Determining the Details of Remuneration, etc. for Individual Directors

The Company, at its Board of Directors meeting held on February 14, 2024, established a policy for determining the details of remuneration, etc. for individual Directors as follows:

- (a) Remuneration levels are designed to attract and retain talented personnel in order to continuously increase corporate value and strengthen competitiveness.
- (b) The Company ensures transparency and fairness in its remuneration system, which is commensurate with the role and responsibilities of each Director.
- (c) The Company reviews its remuneration levels and remuneration structure in light of the Company's business performance and economic conditions.
- (d) Directors' remuneration consists of monthly fixed remuneration and non-monetary remuneration in the form of restricted stock.
- (e) Non-monetary remuneration will be paid at a certain time each year as restricted stock remuneration that functions as an incentive to sustainably increase corporate value and share value with shareholders. The total amount of monetary claims to be paid for granting restricted stock shall not exceed 50 million yen per annum and the total number of shares of common stock to be issued or disposed of by the Company shall not exceed 25,000 shares per annum (however, in case of a stock split or reverse stock split of common stock, adjustments shall be made within reasonable limits based on the split ratio or reverse stock split ratio).

The Board of Directors determines the details of remuneration, etc. for individual Directors after the Nomination and Remuneration Committee, comprising the President, the Director in charge of General Affairs, and Outside Directors, deliberates on the amounts drafted based on the Company's regulations and payment standards within the limit resolved at the General Meeting of Shareholders.

To ensure transparency, fairness and objectivity in the process of determining the amount of remuneration, the Committee is chaired by an Outside Director, and a majority of its members consists of Outside Directors who meet the independence requirements.

The Board of Directors makes it its policy to respect recommendations of the Committee, as it examines matters from a multifaceted perspective including alignment with decision-making policies and business performance.