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(Securities Code No.: 4183)  
May 31, 2023

**Mitsui Chemicals, Inc.**  
2-1, Yaesu 2-chome,  
Chuo-ku, Tokyo, Japan  
HASHIMOTO Osamu, President & CEO

**CONVOCAATION NOTICE FOR  
THE 26th ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

Notice is hereby given that the 26th Ordinary General Meeting of Shareholders of Mitsui Chemicals, Inc. (the “Company”) will be held as detailed below; we request your attention in reviewing this Convocation Notice.

**Date and Time:** Tuesday, June 27, 2023 at 10:00 a.m. (Reception desk opens at 9:00 a.m.)  
**Place:** Nihonbashi Mitsui Hall, 4th floor of Coredo Muromachi 1,  
2-1, Nihonbashi-Muromachi 2-chome, Chuo-ku, Tokyo, Japan

In convening this General Meeting of Shareholders, we have taken measures for the electronic provision of the information that is contained in the Reference Materials for the General Meeting of Shareholders (Electronic Provision Matters), which is posted on each of the following Internet websites, so please access any of these websites to confirm the information.

[The Company’s Website]  
<https://jp.mitsuichemicals.com/jp/ir/library/notice/index.htm> (in Japanese)

[General Meeting of Shareholders Materials Website]  
<https://d.sokai.jp/4183/teiji/> (in Japanese)

[Listed Company Search (Tokyo Stock Exchange)]  
<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

(If accessing the TSE website listed above, please enter and search for the stock issue name (Mitsui Chemicals, Inc.) or 4183, and select “Basic information” and “Documents for public inspection/PR information” to confirm the information.)

**Agenda**

- A. Reports**
1. Business report, consolidated financial statements and the results of auditing consolidated financial statements by accounting auditors and Board of Corporate Auditors for the 26th fiscal year (April 1, 2022 to March 31, 2023)
  2. Non-consolidated financial statements for the 26th fiscal year (April 1, 2022 to March 31, 2023)
- B. Proposals**
- No. 1:** Appropriation of surplus  
**No. 2:** Election of eight (8) Directors  
**No. 3:** Election of two (2) Corporate Auditors

**No. 4:** Revision of fixed compensation and bonus compensation amounts for Directors and revision of compensation for granting restricted stock to Directors (excluding Outside Directors)

**No. 5:** Revision of compensation amount for Corporate Auditors

- \* You may exercise your voting rights in writing (by mail) or electronically (via the Internet, etc.). We kindly ask you to exercise your voting rights as indicated by the information provided concerning exercise of voting rights on the following page, after reviewing this Convocation Notice.
- \* If revisions to this Convocation Notice or Electronic Provision Matters arise, notice of the revisions and the details of the matters before and after the revisions will be posted on the above websites.

### **Exercise of voting rights**

Shareholders may exercise their voting rights by the following methods:

#### **Exercise of voting rights in writing (by mail)**

Indicate your approval or disapproval for each of the proposals on the enclosed Voting Rights Exercise Form and send the completed form to the Company.

If you do not indicate your approval or disapproval for each of the proposals on the returned voting form, it will be treated as if you indicated your approval.

Votes to be received by: **5:40 p.m.** on Monday, **June 26, 2023.**

#### **Exercise of voting rights via the Internet, etc.**

By reading the QR code: Access the website designated by the Company for exercising voting rights (<https://www.web54.net> (in Japanese)) by using your electronic device to read the QR code on the lower right of the Voting Rights Exercise Form, and indicate your approval or disapproval for each of the proposals. You can enter without using the voting right exercise code and the password.

By entering the voting right exercise code and the password: Access the website designated by the Company for exercising voting rights (<https://www.web54.net> (in Japanese)), and indicate your approval or disapproval for each of the proposals.

In exercising voting rights via the Internet, enter the voting right exercise code and the password shown on the Voting Rights Exercise Form, and follow the instructions on the display.

Votes to be transmitted by: **5:40 p.m.** on Monday, **June 26, 2023.**

Please use the contact number below if you have any difficulties when voting by the Internet using a personal computer or smartphone.

Dedicated line for Transfer Agent Web Support, Sumitomo Mitsui Trust Bank, Limited:

Tel: 0120-652-031 (Toll free, within Japan only)

(9:00 a.m. to 9:00 p.m. Japan time)

Institutional investors may use the electronic voting rights exercise platform operated by Investor Communications Japan Inc.

\* When voting rights are exercised in duplicate, both in writing and via the Internet, the vote that is received last shall be deemed effective. However, if votes arrive on the same day, the vote cast via the Internet, etc. shall be deemed effective.

When voting rights are exercised via the Internet, etc. more than once, the last vote shall be deemed effective.

## REFERENCE MATERIALS

### Proposals and Reference Matters

#### No. 1: Appropriation of surplus

We propose the following appropriation of surplus:

#### Year-end dividends

The Company gives top priority to the issue of increasing corporate value through business growth and expansion and regards the return of profits to shareholders as a key management issue.

In appropriating profits, we give consideration to all aspects including returns on shareholder investment and the securing of internal reserves for our future growth and expansion.

With regard to shareholder returns, the Company targets a total return ratio, which is the ratio of combined dividends and share buybacks to net income attributable to owners of the parent, of 30% or higher, and targets a dividend on equity (DOE) attributable to owners of the parent, of 3.0% or higher. Aiming to improve earnings, we allot internal reserves for not only loans and investments to further accelerate the growth and expansion of our businesses and more quickly realize the business portfolios that we should pursue but also research and development to create new innovative technologies.

After giving comprehensive consideration to various matters including performance results for the fiscal year under review and the outlook for the future business environment, the Company proposes that the year-end dividend be as follows.

(1) Type of dividend property

Cash

(2) Allocation of dividend property and total amount thereof

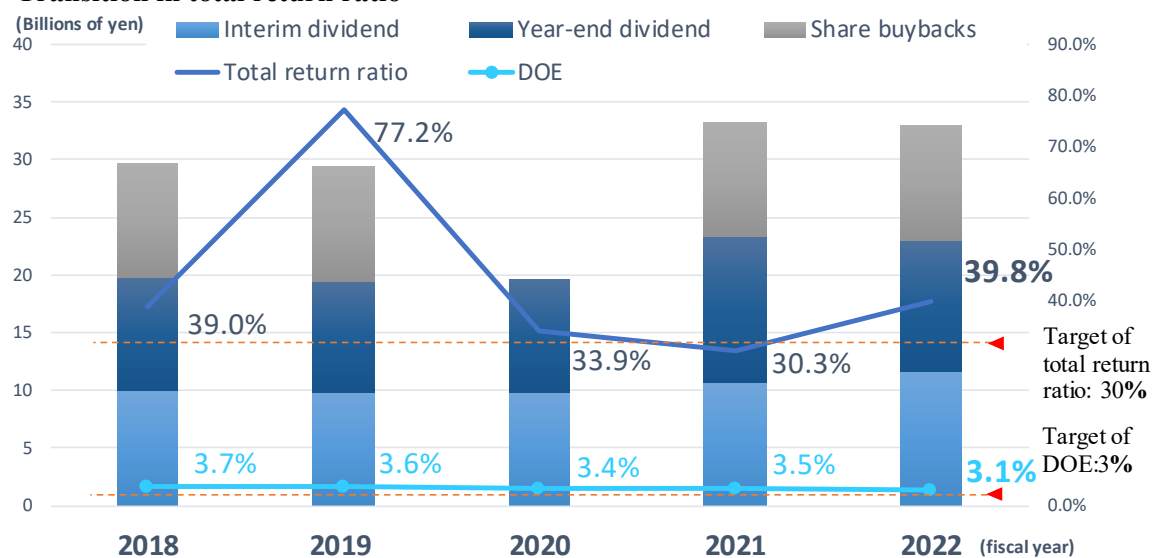
We propose a year-end dividend of ¥60 per share. The total amount of dividends will be ¥11,403,965,160.

(3) Effective date of dividends from surplus

June 28, 2023

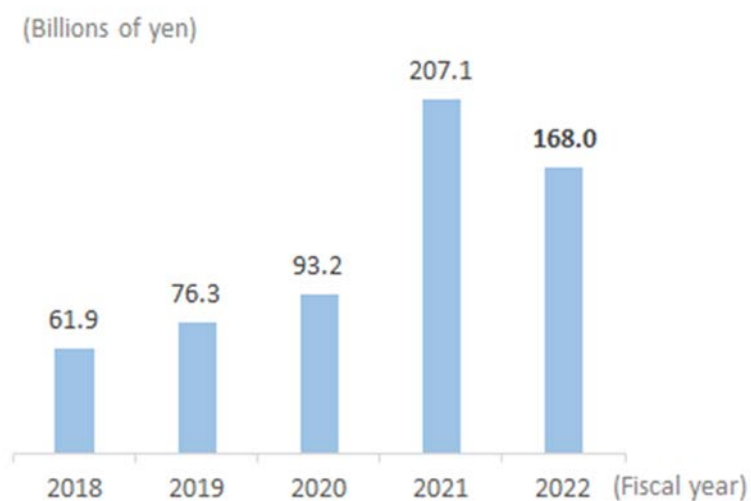
#### Reference:

##### <Transition in total return ratio>

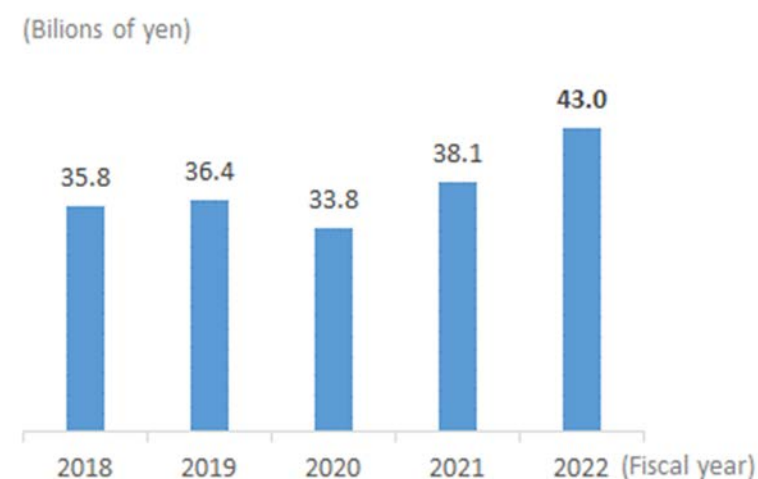


Year-end dividend	¥50	¥50	¥50	¥65	¥60
Interim dividend	¥50	¥50	¥50	¥55	¥60

### <Transition in capital investment>



### <Transition in Research and development (R&D) expenses>



(Reference) Total return ratio = (Total shareholder dividends + Total share buybacks) / Net income attributable to owners of the parent  
DOE = Total shareholder dividends / Equity attributable to owners of the parent

\* The Company has adopted the International Financial Reporting Standards (IFRS) from fiscal year 2020. Accordingly, results from fiscal year 2020 onward are prepared based on IFRS.

\* The year-end dividend for fiscal year 2021 includes a memorable dividend of ¥5 (25th anniversary of the Company's foundation).

## No. 2: Election of eight (8) Directors

As the terms of office of all eight (8) Directors will expire at the close of this Ordinary General Meeting of Shareholders, we propose the election of eight (8) Directors. To enhance corporate governance and increase the transparency of management, three (3) of the eight (8) are candidates for Outside Directors. Director candidates are as follows.

7 males (87.5%) 1 female (12.5%)

No.	Name	Current Positions and Areas of Responsibility at the Company	Term of Office	Board of Directors Meeting Attendance	Skills and experience expected in particular									
					Corporate management and planning	Business portfolio transformation	R&D/production and technology	New business creation/M&A	Global business	Finance and accounting	Risk management	Diversity/organization and HR management	Sustainability	
1	TANNOWA Tsutomu	Reelection	Member of the Board, Chairman	11 years	13/13	●							●	●
2	HASHIMOTO Osamu	Reelection	Representative Director, Member of the Board, President & CEO Supervision of General Business Execution (CEO)	5 years	13/13	●			●					●
3	YOSHINO Tadashi	Reelection	Representative Director, Member of the Board, Senior Managing Executive Officer CTO In charge of RC & Quality Assurance Div., Fabricated Products Business Coordination Div., and Responsible Care Committee. Supervising R&D Center, Production & Technology Center, Basic & Green Materials Business Sector, and Green Sustainable Chemicals Div.	2 years	13/13	●		●		●				

No.	Name	Current Positions and Areas of Responsibility at the Company	Term of Office	Board of Directors Meeting Attendance	Skills and experience expected in particular								
					Corporate management and planning	Business portfolio transformation	R&D/production and technology	New business creation/M&A	Global business	Finance and accounting	Risk management	Diversity/organization and HR management	Sustainability
4	NAKAJIMA Hajime	Reelection Representative Director, Member of the Board, Senior Managing Executive Officer CFO In charge of Finance & Accounting Div., Corporate Administration & Legal Div., Corporate Communications Div., and Compliance Committee	3 years	13/13						●	●		
5	ANDOU Yoshinori	Reelection Member of the Board, Senior Managing Executive Officer CHRO In charge of Human Resources Div., Global Human Resources Div., Affiliates Coordination Div., Mitsui Chemicals Asia Pacific, Mitsui Chemicals China, Mitsui Chemicals America, and Mitsui Chemicals Europe	1 year	11/11						●		●	
6	YOSHIMARU Yukiko	Reelection Outside Independent Member of the Board	4 years	13/13	●					●		●	
7	MABUCHI Akira	Reelection Outside Independent Member of the Board	2 years	13/13		●	●					●	

No.	Name	Current Positions and Areas of Responsibility at the Company	Term of Office	Board of Directors Meeting Attendance	Skills and experience expected in particular								
					Corporate management and planning	Business portfolio transformation	R&D/production and technology	New business creation/M&A	Global business	Finance and accounting	Risk management	Diversity/organization and HR management	Sustainability
8	MIMURA Takayoshi	Reelection Outside Independent Member of the Board	1 year	11/11	●	●			●				

Reelection: Reelected candidate for Member of the Board

Outside: Candidate for Outside Director

Independent: Candidate for Independent Officer as stipulated by the stock exchange

(Note) The above table (skills matrix) was deliberated and decided upon at the Human Resource Nomination Committee meeting held in fiscal year 2022. In making this decision, the Committee also reviewed the definitions of the skills and experience required of the Company's Directors and Corporate Auditors so that the contents are linked to the Long-Term Business Plan "VISION 2030," and it was decided to classify the "skills and experience expected in particular\*" into nine categories. Furthermore, in order to properly visualize and manage the overall balance of the skills and experience of the members that compose the Board of Directors, the number of items to be recognized per Director and Corporate Auditor has been capped at a maximum of three.

As a result, the contents of this skills matrix may differ from the previous skills matrix in some parts, but this is a result that reflects the above review and does not represent all the skills and experience possessed by the Directors.

\* Details of skills and experience expected in particular are as described on pages 29 and 30.

- Notes:
1. There are no special conflicts of interests between the Company and any of the candidates for Directors.
  2. The Company has concluded a liability limitation contract with YOSHIMARU Yukiko, MABUCHI Akira, and MIMURA Takayoshi in accordance with Article 427, Paragraph 1 of the Companies Act to limit the liability for damages as provided in Article 423, Paragraph 1 of the Companies Act. Under this contract, the maximum liability for damages shall be the amount provided by laws and regulations. If YOSHIMARU Yukiko, MABUCHI Akira, and MIMURA Takayoshi are reelected as Outside Directors, the Company will continue the said contract with them.
  3. The Company has concluded a directors and officers liability insurance contract, whose outline is as follows, with an insurance company in accordance with Article 430-3, Paragraph 1 of the Companies Act. All of the candidates for Directors are already insured under this insurance contract and will continue to be insured after their reelection and appointment. This insurance contract will be renewed in June 2023.
    - Outline of the contents of the insurance contract
      - (1) Actual ratio of premiums paid by the insured  
The premiums are paid by the Company, and the insured does not bear the premiums.
      - (2) Outline of the events insured against  
The insured will be compensated for damages (legal damages and litigation expenses) incurred as a result of a claim for damages arising from the insured's performance of duties.
      - (3) Measures to ensure the appropriateness of the duties of corporate officers  
An exemption clause is attached to the contract to the effect that liability for damages caused by the insured's intentional acts, illegal private giving of benefits,



criminal acts, etc. will not be compensated.

Candidate Number	Name (Date of Birth)	Career Summary	Number of Shares of the Company Owned	
1	TANNOWA Tsutomu (71 years old)  Date of Birth: Oct. 26, 1951  Term of Office: 11 years  Board of Directors Meeting Attendance: 13/13 (100%)  <Reelection>	Apr. 1976	Joined the Company	72,494
		Apr. 2007	Executive Officer of the Company	
		Apr. 2010	Managing Executive Officer of the Company	
		Jun. 2012	Member of the Board, Managing Executive Officer of the Company	
		Apr. 2013	Member of the Board, Senior Managing Executive Officer of the Company	
		Apr. 2014	Representative Director, Member of the Board, President & CEO of the Company	
		Apr. 2020	Representative Director, Member of the Board, Chairman of the Company	
		Jun. 2022	Outside Director of KDDI CORPORATION (to present)	
		Apr. 2023	Member of the Board, Chairman of the Company (to present)	
		Jun. 2023	Outside Director of Tokyo Gas Co., Ltd. (scheduled)	
		Positions and areas of responsibility at the Company		
		Member of the Board, Chairman		
		Significant concurrent position		
		Outside Director of KDDI CORPORATION Outside Director of Tokyo Gas Co., Ltd. (scheduled to be appointed in June 2023)		
		Reasons for nomination		
		TANNOWA Tsutomu is substantially well-versed regarding affairs of the Company, on the basis of his wide experience with respect to personnel, business centered around basic chemicals, factories and so on. Moreover, serving as the President of the Company since 2014, he has played a firm leadership role in moving the Company forward, and has accordingly achieved success in spearheading initiatives geared to turning around the Company's business performance. Since 2020, as the Chairman of the Company, he has contributed to the realization of effective management supervision based on his experience so far. We deem him capable of making further contributions that increase the Company's corporate value, and accordingly believe that he is the right person for the post of Director.		

Candidate Number	Name (Date of Birth)	Career Summary	Number of Shares of the Company Owned
2	HASHIMOTO Osamu (59 years old)  Date of Birth: Oct. 19, 1963  Term of Office: 5 years  Board of Directors Meeting Attendance: 13/13 (100%)  <Reelection>	Apr. 1987    Joined the Company	33,392
		Apr. 2015    Executive Officer of the Company	
		Apr. 2017    Managing Executive Officer of the Company	
		Jun. 2018    Member of the Board, Managing Executive Officer of the Company	
		Apr. 2019    Member of the Board, Senior Managing Executive Officer of the Company	
Apr. 2020    Representative Director, Member of the Board, President & CEO of the Company (to present)			
		Positions and areas of responsibility at the Company	
		Representative Director, Member of the Board, President & CEO Supervision of General Business Execution (CEO)	
		Reasons for nomination	
		HASHIMOTO Osamu is substantially well-versed regarding affairs of the Company, on the basis of his wide experience with respect to personnel, business and business plans centered around health care and so on. Additionally, he has experience in operations that overlook the Company's corporate management overall as General Manager of Corporate Planning Div. Moreover, in recent years, he has played an important role to realize long-term management plans with an eye to fiscal year 2025 as Business Sector President of Health Care Business Sector. Since 2020, as the President of the Company, he has been leading the Company at the forefront of all employees in the unforeseen situation of the outbreak of the novel coronavirus disease and the crisis in Ukraine, and has been achieving results. We deem him capable of making further contributions that increase the Company's corporate value, and accordingly believe that he is the right person for the post of Director.	

Candidate Number	Name (Date of Birth)	Career Summary	Number of Shares of the Company Owned
3	<p>YOSHINO Tadashi (61 years old)</p> <p>Date of Birth: Aug. 5, 1961</p> <p>Term of Office: 2 years</p> <p>Board of Directors Meeting Attendance: 13/13 (100%)</p> <p>&lt;Reelection&gt;</p>	<p>Apr. 1987    Joined the Company</p> <p>Apr. 2016    Executive Officer of the Company</p> <p>Apr. 2018    Managing Executive Officer of the Company</p> <p>Jul. 2018    Managing Executive Officer of the Company and Chairman of Shanghai Sinopec Mitsui Chemicals, Co., Ltd.</p> <p>Apr. 2020    Senior Managing Executive Officer of the Company and Chairman of Shanghai Sinopec Mitsui Chemicals, Co., Ltd.</p> <p>Jun. 2021    Member of the Board, Senior Managing Executive Officer of the Company and Chairman of Shanghai Sinopec Mitsui Chemicals, Co., Ltd.</p> <p>Apr. 2022    Representative Director, Member of the Board, Senior Managing Executive Officer of the Company (to present)</p>	29,400
		Positions and areas of responsibility at the Company	
		<p>Representative Director, Member of the Board, Senior Managing Executive Officer CTO</p> <p>In charge of RC &amp; Quality Assurance Div., Fabricated Products Business Coordination Div., and Responsible Care Committee</p> <p>Supervising R&amp;D Center, Production &amp; Technology Center, Basic &amp; Green Materials Business Sector, and Green Sustainable Chemicals Div.</p>	
		Reasons for nomination	
		<p>YOSHINO Tadashi is well-versed primarily in the area of basic chemicals, based on his extensive experience developed over many years at factories and businesses. He is also extensively knowledgeable about global management given his experience serving as the head of overseas subsidiaries. We deem him capable of making further contributions that increase the Company's corporate value, and accordingly believe that he is the right person for the post of Director.</p>	

Candidate Number	Name (Date of Birth)	Career Summary	Number of Shares of the Company Owned
4	NAKAJIMA Hajime (62 years old)  Date of Birth: Oct. 10, 1960  Term of Office: 3 years  Board of Directors Meeting Attendance: 13/13 (100%)  <Reelection>	Apr. 1984    Joined the Company Apr. 2017    Executive Officer of the Company General Manager, Finance & Accounting Div. Apr. 2020    Managing Executive Officer of the Company Jun. 2020    Member of the Board, Managing Executive Officer of the Company Apr. 2022    Member of the Board, Senior Managing Executive Officer of the Company Apr. 2023    Representative Director, Member of the Board, Senior Managing Executive Officer of the Company (to present)	16,571
		Positions and areas of responsibility at the Company	
		Representative Director, Member of the Board, Senior Managing Executive Officer CFO In charge of Finance & Accounting Div., Corporate Administration & Legal Div., Corporate Communications Div., and Compliance Committee	
		Reasons for nomination	
		Based on his many years of experience in accounting roles, NAKAJIMA Hajime is substantially well-versed primarily in the area of the finance and accounting of the Company Group, and is also extensively knowledgeable with experience in business planning. He was appointed CFO in 2020, and since 2022 he has been leading the enhancement of the risk management system as the Director in charge of the Corporate Administration & Legal Div. We deem him capable of making further contributions that increase the Company's corporate value, and accordingly believe that he is the right person for the post of Director.	

Candidate Number	Name (Date of Birth)	Career Summary	Number of Shares of the Company Owned	
5	ANDOU Yoshinori (59 years old)  Date of Birth: Jan. 3, 1964  Term of Office: 1 year  Board of Directors Meeting Attendance: 11/11 (100%)  <Reelection>	Apr. 1986 Apr. 2014	Joined the Company Senior Director of the Company Deputy General Manager, Human Resources Div.	18,921
		Apr. 2015	Senior Director of the Company General Manager, Human Resources Div.	
		Apr. 2016	Executive Officer of the Company General Manager, Human Resources Div.	
		Apr. 2019	Managing Executive Officer of the Company	
		Apr. 2021	Senior Managing Executive Officer of the Company	
		Jun. 2022	Member of the Board, Senior Managing Executive Officer of the Company (to present)	
		Positions and areas of responsibility at the Company		
		Member of the Board, Senior Managing Executive Officer CHRO In charge of Human Resources Div., Global Human Resources Div., Affiliates Coordination Div., Mitsui Chemicals Asia Pacific, Mitsui Chemicals China, Mitsui Chemicals America, and Mitsui Chemicals Europe		
		Reasons for nomination		
		ANDOU Yoshinori is well-versed primarily in businesses and services of the Company through his wide experience in business sectors including overseas and Executive Offices, etc., and has obtain depth of knowledge especially in corporate personnel. He is also extensively knowledgeable about group/global management given his recent experience in charge of overseas regional headquarters and Affiliates Coordination Div. We deem him capable of making further contributions that increase the Company's corporate value, and accordingly believe that he is the right person for the post of Director.		

Candidate Number	Name (Date of Birth)	Career Summary	Number of Shares of the Company Owned	
6	YOSHIMARU Yukiko (63 years old)  Date of Birth: Feb. 1, 1960  Term of Office: 4 years  Board of Directors Meeting Attendance: 13/13 (100%)  <Reelection> <Candidate for Outside Director> <Independent Officer>	Apr. 1982 Apr. 1998	Joined Oki Electric Industry Co., Ltd. Director of Oki America Inc., and Head of New York Office of Oki Electric Industry Co., Ltd.	2,400
		Oct. 2004	General Manager of Diversity Development Office of NISSAN MOTOR CO., LTD.	
		Apr. 2008	Joined Nifco Inc.	
		Jun. 2011	Executive Officer of Nifco Inc.	
		Apr. 2018	Outside Director of Sekisui House, Ltd. (to present)	
		Jun. 2019	Member of the Board of the Company (to present)	
		Jun. 2021	Outsider Director of Daiwabo Holdings CO., Ltd. (to present)	
		Positions and areas of responsibility at the Company		
		Member of the Board		
		Significant concurrent positions		
Outside Director of Sekisui House, Ltd. Outsider Director of Daiwabo Holdings CO., Ltd.				
Reasons for nomination and overview of expected roles				
YOSHIMARU Yukiko, based on her experience as an officer of other companies in areas such as diversity promotion, and in-depth knowledge acquired through her extensive global experience, objectively evaluates the Company's overall management and actively provides opinions from the global perspective and diversity point of view, etc., at meetings of the Company's Board of Directors. We believe that she will continue providing useful advice on the Company's corporate management, and contribute to improving the effectiveness of the Company's management supervision. In addition, we expect that she will also contribute to ensuring the transparency and suitability of the nomination and compensation of management as a member of the Human Resource Nomination Committee and the Executive Compensation Committee, and accordingly believe that she is the right person for the post of Outside Director.				

Note: YOSHIMARU Yukiko served as Executive Officer of Nifco Inc. until June 2018. In the fiscal years of 2020, 2021 and 2022, the Company sold our products to Nifco Inc. However, our sales amount to Nifco Inc. is deemed insignificant given that such amount was less than 1% of the Company's net sales for said fiscal years.

Candidate Number	Name (Date of Birth)	Career Summary	Number of Shares of the Company Owned	
7	MABUCHI Akira (69 years old)  Date of Birth: Sep. 11, 1953  Term of Office: 2 years  Board of Directors Meeting Attendance: 13/13 (100%)  <Reelection> <Candidate for Outside Director> <Independent Officer>	Apr. 1979	Joined Fuji Heavy Industries Ltd. (currently SUBARU CORPORATION)	1,700
		Apr. 2005	Executive Officer of Fuji Heavy Industries Ltd.	
		Jun. 2007	Senior Vice President of Fuji Heavy Industries Ltd.	
		Jun. 2010	Director of the Board, Executive Vice President of Fuji Heavy Industries Ltd.	
		Jun. 2015	Corporate Auditor of Fuji Heavy Industries Ltd.	
		Jun. 2021	Member of the Board of the Company (to present)	
		Positions and areas of responsibility at the Company		
Member of the Board				
Reasons for nomination and overview of expected roles				
MABUCHI Akira, based on his extensive experience as a corporate manager and a corporate auditor, and in-depth knowledge of the mobility field, on which the Company is focusing, objectively evaluates the Company's overall management and actively provides opinions from the perspective of suitability of the business strategy and governance, etc., at meetings of the Company's Board of Directors. We believe that he will continue providing useful advice on the Company's corporate management, and contribute to improving the effectiveness of the Company's management supervision. In addition, we expect that he will also contribute to ensuring the transparency and suitability of the nomination of management as a member of the Human Resource Nomination Committee and to improving the effectiveness of discussions related to the compensation of management as the Chairperson of the Executive Compensation Committee, and accordingly believe that he is the right person for the post of Outside Director.				

Note: As a Corporate Auditor of SUBARU CORPORATION, MABUCHI Akira had been making recommendations on legal compliance and internal control on a regular basis. During his term of office, from 2017 to 2018, it was discovered that inappropriate actions were being taken in the completion inspection process at some factories of SUBARU CORPORATION. After the discovery of this fact, he received reports from time to time on the investigation of the causes and efforts to prevent recurrence, and made various recommendations.



Candidate Number	Name (Date of Birth)	Career Summary	Number of Shares of the Company Owned	
8	MIMURA Takayoshi (69 years old)  Date of Birth: Jun. 18, 1953	Apr. 1977	Joined Terumo Corporation	200
		Jun. 2002	Executive Officer of Terumo Corporation	
		Jun. 2003	Director and Executive Officer of Terumo Corporation	
		Jun. 2007	Director and Managing Executive Officer of Terumo Corporation	
		Jun. 2010	Director and Senior Managing Executive Officer of Terumo Corporation	
		Apr. 2017	Chairman of the Board of Terumo Corporation	
		Jun. 2021	Chairman of The Japan Federation of Medical Devices Associations (to present)	
		Apr. 2022	Director and Corporate Advisor of Terumo Corporation	
		Jun. 2022	Corporate Advisor of Terumo Corporation (to present)	
		Jun. 2022	Outside Director of AUTOBACS SEVEN CO., LTD. (to present)	
Jun. 2022	Member of the Board of the Company (to present)			
Jun. 2023	Member of the Board (Outside Director) of Niterra Co., Ltd. (scheduled)			
Term of Office: 1 year	Positions and areas of responsibility at the Company			
	Member of the Board			
Board of Directors Meeting Attendance: 11/11 (100%)	Significant concurrent positions			
	Corporate Advisor of Terumo Corporation Outside Director of AUTOBACS SEVEN CO., LTD. Outside Director of Niterra Co., Ltd. (scheduled to be appointed in June 2023)			
<Reelection> <Candidate for Outside Director> <Independent Officer>	Reasons for nomination and overview of expected roles			
	MIMURA Takayoshi, based on his extensive experience as a corporate manager and his experience as chairman of the industry association, and in-depth knowledge of the healthcare field, on which the Company is focusing, objectively evaluates the Company's overall management and actively provides opinions from the perspective of the suitability of the business strategy and enhancement of management at meetings of the Company's Board of Directors. We believe that he will continue providing useful advice on the Company's corporate management, and contribute to improving the effectiveness of the Company's management supervision. In addition, we expect that he will also contribute to ensuring the transparency and suitability of the nomination and compensation of management as a member of the Human Resource Nomination Committee and the Executive Compensation Committee, and accordingly believe that he is the right person for the post of Outside Director.			

Note: MIMURA Takayoshi concurrently serves as Director and Corporate Advisor of Terumo Corporation. In the fiscal years of 2020, 2021 and 2022, the Company sold our products to Terumo Corporation. However, our sales amount to Terumo Corporation is deemed insignificant given that such amount was less than 1% of the Company's net sales for said fiscal years.

### No. 3: Election of two (2) Corporate Auditors

As the terms of office of Corporate Auditors TOKUDA Shozo and FUJITSUKA Mikio will expire at the close of this Ordinary General Meeting of Shareholders, we propose the election of two (2) Corporate Auditors. The Corporate Auditor candidates are GOTOH Yasuko and ONO Junshi.

The consent of the Board of Corporate Auditors has been obtained for this proposal.

If this proposal is approved as originally proposed, the Board of Corporate Auditors is scheduled to be comprised of the following persons.

Candidate	Name	Positions at the Company	Term of Office	Board of Directors Meeting Attendance	Board of Corporate Auditors Meeting Attendance	Skills and experience expected in particular								
						Corporate management and planning	Business portfolio transformation	R&D/production and technology	New business creation/M&A	Global business	Finance and accounting	Risk management	Diversity/organization and HR management	Sustainability
–	KUBO Masaharu	Incumbent	Full-time Corporate Auditor	3 years	13/13	17/17	●					●	●	
–	NISHIO Hiroshi	Incumbent	Full-time Corporate Auditor	1 year	11/11	14/14						●	●	
–	SHINBO Katsuyoshi	Incumbent Outside Independent	Corporate Auditor	6 years	12/13	16/17				●			●	
1	GOTOH Yasuko	New Outside Independent	Corporate Auditor	-	-	-						●	●	●
2	ONO Junshi	New Outside Independent	Corporate Auditor	-	-	-			●		●	●	●	

Incumbent: Incumbent Corporate Auditor  
New: New candidate for Corporate Auditor  
Outside: Outside Corporate Auditor  
Independent: Independent Officer as stipulated by the stock exchange

(Note) The above table (skills matrix) was deliberated and decided upon at the Human Resource Nomination Committee meeting held in fiscal 2022. In making this decision, the Committee also reviewed the definitions of the skills and experience required of the Company's Directors and Corporate Auditors so that the contents are linked to the Long-Term Business Plan "VISION 2030," and it was decided to classify the "skills and experience expected in particular\*" into nine categories. Furthermore, in order to properly visualize and manage the overall balance of the skills and experience of the members that compose the Board of Directors, the number of items to be recognized per Director and Corporate Auditor has been capped at a maximum of three.

As a result, the contents of this skills matrix may differ from the previous skills matrix in some parts, but this is a result that reflects the above review and does not represent all the skills and experience possessed by Corporate Auditors.

\* Details of skills and experience expected in particular are as described on pages 29 and 30.

- Notes:
1. There are no conflicts of interests between the Company and each of GOTOH Yasuko and ONO Junshi.
  2. If GOTOH Yasuko and ONO Junshi are elected as Outside Directors, the Company will conclude a liability limitation contract with them in accordance with Article 427, Paragraph 1 of the Companies Act to limit the liability for damages as provided in Article 423, Paragraph 1 of the Companies Act. Under this contract, the maximum liability for damages shall be the amount provided by laws and regulations.
  3. The Company has concluded a directors and officers liability insurance contract, whose outline is as follows, with an insurance company in accordance with Article 430-3, Paragraph 1 of the Companies Act. All of the Corporate Auditors are already insured under this insurance contract and will continue to be insured after the renewal of the contract. Moreover, GOTOH Yasuko and ONO Junshi will also be insured if they are elected and appointed. This insurance contract will be renewed in June 2023.
    - Outline of the contents of the insurance contract
      - (1) Actual ratio of premiums paid by the insured  
The premiums are paid by the Company, and the insured does not bear the premiums.
      - (2) Outline of the events insured against  
The insured will be compensated for damages (legal damages and litigation expenses) incurred as a result of a claim for damages arising from the insured's performance of duties.
      - (3) Measures to ensure the appropriateness of the duties of corporate officers, etc.  
An exemption clause is attached to the contract to the effect that liability for damages caused by the insured's intentional acts, illegal private giving of benefits, criminal acts, etc. will not be compensated.
  4. The term of office for Corporate Auditors of the Company is four (4) years, and KUBO Masaharu was elected and assumed office at the 23rd Ordinary General Meeting of Shareholders held on June 24, 2020, NISHIO Hiroshi was elected and assumed office at the 25th Ordinary General Meeting of Shareholders held on June 24, 2022, and SHINBO Katsuyoshi was elected and assumed office at the 24th Ordinary General Meeting of Shareholders held on June 25, 2021 (SHINBO Katsuyoshi was reelected).

Candidate Number	Name (Date of Birth)	Career Summary	Number of Shares of the Company Owned
1	<p>GOTOH Yasuko (65 years old)</p> <p>Date of Birth: Feb. 19, 1958</p> <p>Term of Office: -</p> <p>Board of Directors Meeting Attendance: -</p> <p>Board of Corporate Auditors Meeting Attendance: -</p> <p>&lt;New&gt; &lt;Candidate for Outside Corporate Auditor&gt; &lt;Independent Officer&gt;</p>	<p>Apr. 1980    Joined the Ministry of Transport (currently the Ministry of Land, Infrastructure, Transport and Tourism)</p> <p>Jun. 2004    Director of the New York Tourism Promotion Office, Japan National Tourism Organization</p> <p>Oct. 2005    Deputy Governor of Yamagata Prefecture</p> <p>Jul. 2008    Director of the Hokuriku-Shin'etsu District Transport Bureau, Ministry of Land, Infrastructure, Transport and Tourism</p> <p>Jul. 2013    President of the Policy Research Institute for Land, Infrastructure, Transport and Tourism, Ministry of Land, Infrastructure, Transport and Tourism</p> <p>Jun. 2015    Managing Director, Deputy Director General of Railway Operations Headquarters, and Director General of Travel Services Headquarters, Kyushu Railway Company</p> <p>Jun. 2017    Managing Director of Kyushu Railway Company (CFO in charge of Finance &amp; Accounting Department)</p> <p>Jun. 2018    Director, Audit and Supervisory Committee member of Kyushu Railway Company</p> <p>Mar. 2019    External Audit &amp; Supervisory Board Member of Shiseido Company, Limited (to present)</p> <p>Jun. 2019    Audit &amp; Supervisory Board Member (Outside Auditor) of DENSO CORPORATION (to present)</p> <hr/> <p>Positions and areas of responsibility at the Company</p> <p style="text-align: center;">-</p> <hr/> <p>Significant concurrent positions</p> <p style="text-align: center;">External Audit &amp; Supervisory Board Member of Shiseido Company, Limited External Audit &amp; Supervisory Board Member of DENSO CORPORATION</p>	0

		<p>Reasons for nomination</p> <p>GOTOH Yasuko has a wealth of experience, having held a variety of important positions, including positions overseas, as the first female career bureaucrat in the Ministry of Transport (currently the Ministry of Land, Infrastructure, Transport and Tourism). After retiring from the Ministry, she has held various positions in listed companies, including CFO and audit and supervisory committee member, and has a high level of insight into financial accounting, corporate ethics, and crisis and risk management, and we believe she is the right person for the post of Outside Corporate Auditor from the perspective of ensuring the appropriate execution of the business of the Company.</p>	
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Candidate Number	Name (Date of Birth)	Career Summary	Number of Shares of the Company Owned
2	ONO Junshi (62 years old)  Date of Birth: Aug. 5, 1960  Term of Office: -  Board of Directors Meeting Attendance: -  Board of Corporate Auditors Meeting Attendance: -  <New> <Candidate for Outside Corporate Auditor> <Independent Officer>	Oct. 1985    Joined Asahi Shinwa & Co. (currently KPMG AZSA LLC) Mar. 1989    Registered as a certified public accountant May 2002    Partner of Asahi & Co. (currently KPMG AZSA LLC) May 2007    Representative Member (currently Partner) of KPMG AZSA & Co. (currently KPMG AZSA LLC) (to present) (scheduled to resign in June 2023) Jul. 2019    Vice-Chairman of the Management Oversight Committee of KPMG AZSA LLC Jul. 2020    Chairman of the Management Oversight Committee of KPMG AZSA LLC (to present) (scheduled to resign in June 2023)	0
		Positions at the Company	
		-	
		Significant concurrent positions	
		Partner of KPMG AZSA LLC (scheduled to resign in June 2023)	
		Reasons for nomination	
		Based on his many years of experience as a certified public accountant, ONO Junshi has a high degree of insight in the areas of financial accounting and crisis and risk management. Although he has never been involved in the management of a company, we believe he is the right person for the post of Outside Corporate Auditor from the perspective of ensuring the appropriate execution of the business of the Company.	

Note: ONO Junshi is a partner of KPMG AZSA LLC. Although the Company has had a business relationship with KPMG AZSA LLC in the fiscal years of 2020, 2021, and 2022, including consulting services, the amount paid by the Company to KPMG AZSA LLC for these services was minimal, accounting for less than 1% of the net sales of KPMG AZSA LLC for the fiscal years in question. Further, he plans to resign from the firm effective June 30, 2023.

**No. 4: Revision of fixed compensation and bonus compensation amounts for Directors and revision of compensation for granting restricted stock to Directors (excluding Outside Directors)**

The compensation of the Company’s Directors (excluding Outside Directors) consists of fixed compensation and performance-linked compensation in the form of bonuses and monetary compensation for purpose of granting restricted stock (hereinafter the “restricted stock-based compensation”), while the compensation of Outside Directors consists solely of fixed compensation.

The current amount of compensation for Directors was approved at the 20th Ordinary General Meeting of Shareholders held on June 27, 2017, with fixed compensation and bonuses not to exceed ¥600 million per year (including up to ¥60 million per year for Outside Directors). Separate from that, we have received approval for the restricted stock-based compensation not to exceed ¥120 million per year, and the total annual amount of compensation not exceeding ¥720 million.

In response to the recent changes in the environment surrounding executive compensation governance, including the revision of the Corporate Governance Code and the launch of the Long-Term Business Plan “VISION 2030,” (hereafter “VISION 2030”), after repeated discussions at the Company’s Executive Compensation Committee, the Board of Directors resolved to revise the executive compensation system to establish executive compensation governance appropriate for a Tokyo Stock Exchange Prime Market-listed company and thereby enhance the corporate value of the Company Group. (For a summary of the revised executive compensation system, please refer to the “Overview of the New Executive Compensation System” on page 31 and ensuing pages.) Therefore, in accordance with the aforementioned revision of the executive compensation system, the Company requests your approval to revise the amount of compensation for Directors, the maximum total number of restricted stock, and some details of the restricted stock as follows.

[Directors’ compensation amounts]

Item	Current	New
Fixed compensation Bonuses	Up to ¥600 million per year (including up to ¥60 million per year for Outside Directors)	Up to ¥900 million per year* <sup>1</sup> (including up to ¥60 million per year for Outside Directors)
Restricted stock- based compensation	Up to ¥120 million per year (excluding Outside Directors)	Up to ¥350 million per year* <sup>1</sup> (excluding Outside Directors)
Total	Up to ¥720 million per year	Up to ¥1,250 million per year

[The maximum number of shares of restricted stock to be granted]

Current	New
The total number of shares of the Company’s common stock to be issued or disposed of for eligible Directors shall not exceed 120,000 shares per year* <sup>2</sup>	The total number of shares of the Company’s common stock to be issued or disposed of for eligible Directors shall not exceed 190,000 shares per year* <sup>1*2</sup>

\*1 Fixed compensation and bonuses and restricted stock-based compensation each represent the upper limit of the amount of compensation and total number of shares of restricted stock to be granted upon achievement of the respective VISION 2030 performance targets of ¥250 billion core operating income and ¥140 billion net income attributable to owners of parent.

\*2 However, if, on or after the day of this Ordinary General Meeting of Shareholders, the Company performs a share split (including allotment of shares without consideration) or a reverse share split of its common shares, or any other reason arises necessitating an adjustment to the total number of shares to be issued or disposed of as restricted stock, the relevant total number shall be reasonably adjusted.

[Partial Revision of Terms and Conditions for Granting Restricted Stock]

Item	Current	New
The Period of Restriction on Transfer	A period of between three (3) and five (5) years (hereafter “the Period of Restriction on Transfer”) predetermined by the Board of Directors of the Company during which an eligible person shall not transfer, create a security interest in, or otherwise dispose of the allotted common stock of the Company (“the Allotted Shares”).	Until the time of retirement or resignation from the position of an officer or employee of the Company predetermined by the Board of Directors (the “Period of Restriction on Transfer”), such as member of the Board, Corporate Auditor, Executive Officer, Chief Senior Director, Senior Director, Councillor, Advisor, Senior Advisor, or employee of the Company, or any other similar position (hereafter “Position of Restriction on Transfer”), the eligible person shall not transfer, create a security interest in, or otherwise dispose of the allotted shares of common stock of the Company (“the Allotted Shares”).
Gratis acquisition	Where the eligible person retires or resigns from the position of Director, Executive, Corporate Auditor, Executive Officer, Chief Senior Director, Senior Director, Councillor, Advisor, Senior Advisor, employee, or an equivalent position of the Company or a company affiliated with the Company prior to expiration of the Period of Restriction on Transfer, excluding cases where the vacation or retirement is caused by expiration of term of office, death, compulsory retirement age, or other fair reasons, the Company shall automatically acquire the Allotted Shares without consideration.	If certain events occur during the Period of Restriction on Transfer, such as retirement or resignation from Position of Restriction on Transfer without justifiable reason such as the expiration of the term of office, death, compulsory retirement age, etc. or engagement in business that competes with the Company’s business, the Company shall acquire all of the Allotted Shares without consideration.
Conditions of Payment	-	From the perspective of compensation governance, restricted stock-based compensation shall not be paid if the net income attributable to owners of the parent is below the lower limit set based on the dividend on equity attributable to owners of the parent company (DOE).

Aiming to further improve the objectivity and transparency of the compensation determination process, in October 2022, the Company reviewed the structure of the Executive Compensation Committee and appointed a majority of its members as Independent Outside Directors, as well as appointed an Independent Outside Director as the Committee Chairman. Under this structure, the executive compensation system was discussed and reported to the Board of Directors. As described above, the Board of Directors resolved to revise the executive compensation system. In accordance with the aforementioned revision, the Company also changed the policy for determining the details of the compensation of an individual Director (For a summary of the revised executive compensation system and the policy for determining the details of the compensation of an individual Director after the revision, please refer to the “Overview of the New Executive Compensation System” on page 31 and ensuing pages).



This proposal has been decided in accordance with the policy for determining the details of individual Director compensation after the aforementioned change. The Executive Compensation Committee has also reviewed the content of this proposal and is of the opinion that the content is necessary and reasonable for granting compensation in accordance with the policy for determining the content of individual Director compensation after the aforementioned change. The Company has therefore determined that the proposal is appropriate.

Currently the number of Directors is eight (8) (including three (3) Outside Directors), and if Proposal 2 “Election of eight (8) Directors” is approved as proposed, the number of Directors will be eight (8) (including three (3) Outside Directors), as is currently the case. The Company’s Articles of Incorporation stipulate that the number of Directors shall not exceed twelve (12).

#### **No. 5: Revision of compensation amount for Corporate Auditors**

The current compensation for Corporate Auditors was approved at the 8th Ordinary General Meeting of Shareholders held on June 28, 2005, and is currently set at no more than ¥11 million per month.

In recent years, there has been a demand for more enhanced governance and risk management systems, and it is important for the Company to improve the quality of its governance and risk management by improving the functions of auditing and supervision of business execution, and a compensation level that can acquire and retain personnel with the expertise and experience to contribute to these improvements is necessary.

In light of these circumstances, we ask for your approval to revise the amount of compensation for Corporate Auditors from the current monthly amount to an annual amount not exceeding ¥156 million per year.

The amount of compensation is set based on the compensation level of Japanese companies whose consolidated operating income (or equivalent indicator as a reference), which is an important indicator in the management of the Company and an objective and continuously comparable indicator, is comparable to the Company's current performance and the performance it should aim for (¥100 billion to ¥250 billion).

In addition, given that Corporate Auditors are independent from the execution of the business, they will continue to receive only fixed compensation.

Currently the number of Corporate Auditors is five (5) (including three (3) Outside Corporate Auditors), and if Proposal 3 "Election of two (2) Corporate Auditors" is approved as proposed, the number of Corporate Auditors will be five (5) (including three (3) Outside Corporate Auditors), as is currently the case. The Company's Articles of Incorporation stipulate that the number of Corporate Auditors shall not exceed six (6).

**Reference:****Procedure for Election of Directors and Corporate Auditors, and Independence Standards for Independent Outside Directors and Independent Outside Corporate Auditors****Principles and Procedures for the Board of Directors to Elect Senior Management and Nominate Candidates for Directors and Corporate Auditors**

The Company has established the Human Resource Nomination Committee as a consultative body to the Board of Directors in order to ensure the suitability and transparency of procedures for electing directors and corporate auditors. The Human Resource Nomination Committee deliberates the proposed list of candidates for directors and corporate auditors based on the standards for election of directors and corporate auditors, and reports the results of the deliberation to the Board of Directors. The Board of Directors decides upon the final list of the candidates for directors and corporate auditors with maximum respect given to the results report of the Human Resource Nomination Committee. A proposal on candidates for corporate auditors will be resolved by the Board of Directors after an agreement is obtained by the Board of Corporate Auditors. The current Human Resource Nomination Committee is composed of the Company's chairman, president and outside directors.

**Independence Standards for Independent Outside Directors and Independent Outside Corporate Auditors**

In order to be designated by the Company as an independent outside director and an independent outside corporate auditor, such director or corporate auditor must not fall under any of the following items.

- (1) A person who currently is or has been in the past an executive (such as an executive director, executive officer, senior director, general manager, or other such officer who executes operations) of the Company or a subsidiary of the Company.
- (2) A person for whom the Company is a major business partner\* or, if that person is a juridical person, an executive of that person.  
\*If a business partner has received payments of 2% or more of its annual sales from the Company in any of the past three fiscal years, then the Company is a major business partner thereto.
- (3) A major business partner\* of the Company or, if that partner is a juridical person, an executive of that partner.  
\*If the Company has received payments of 2% or more of its annual sales from a business partner in any of the past three fiscal years, or if a business partner has loaned a monetary amount of 2% or more of the Company's total assets to the Company in any of the past three fiscal years, then that business partner is a major business partner to the Company.
- (4) A large shareholder (a person directly or indirectly holding 10% or more of total voting rights) of the Company or, if that shareholder is a juridical person, an executive of that shareholder.
- (5) An executive of a juridical person for whom the Company is a large shareholder (directly or indirectly holding 10% or more of total voting rights).
- (6) An accounting auditor of either the Company or a consolidated subsidiary of the Company, or a person who is in charge of auditing either the Company or a consolidated subsidiary of the Company as an employee of such accounting auditor.
- (7) An attorney-at-law, judicial scrivener, patent attorney, certified public accountant, certified public tax accountant, consultant, or other such professional who has received money or other assets, other than officer remuneration, from the Company exceeding an annual amount of ¥10 million in any of the past three fiscal years (if a group such as a corporation or association receives such assets, this includes any person belonging to such group for which the assets received from the Company exceed 2% of the group's annual revenue).
- (8) A person who has received donations from the Company exceeding an annual amount of ¥10 million in any of the past three fiscal years (if a group such as a corporation or association receives such donations, this includes any executive of such group for which the donations received from the Company exceed 2% of the group's annual revenue).

- (9) A person whose close relative (meaning a spouse or a relative within the second degree of kinship) falls under any item of (1) to (8) above.
- (10) A person who has fallen under any item of (2) to (9) above in the past three years.
- (11) Notwithstanding the provisions of each preceding item, a person regarding whom there are found to be special circumstances that may cause a conflict of interest with the Company.

**Reference:**

**Skills and experience expected in particular of Directors and Corporate Auditors of the Company**

Skills and experience	Definition
Corporate management and planning	✓ The skills and experience to oversee execution in relation to the establishment of the management vision and long-term/short-term management plans from a company-wide, long-term perspective for the transformation of the entire Group, decision making that immediately responds to changes in an uncertain environment, and engagement activities with various stakeholders.
Business portfolio transformation	✓ The skills and experience to oversee execution in relation to business management and the formulation of marketing and business strategies from a social issues perspective for the focused business domains in which the Group invests capital towards the pursuit of business portfolio transformation.
R&D/production and technology	<p>✓ The skills and experience to oversee execution related to R&amp;D activities derived from our strengths in proprietary technologies and R&amp;D processes that set the agenda in a backcasting style, towards realizing a competitive advantage in the world beyond 2030 from a long-term perspective.</p> <p>✓ The skills and experience to oversee execution in relation to advancing development processes in the areas of production and technology, including strategy, planning, and decision-making to promote further value addition and productivity improvement by utilizing the Company Group’s proprietary technologies.</p>
New business creation/M&A	✓ The skills and experience to oversee execution in relation to various measures related to new business creation, M&A, alliances, other strategic planning, and integration activity to achieve long-term value creation via business portfolio transformation and building a solution-based business model.
Global business	✓ The skills and experience to oversee execution in relation to strategic planning, decision making, and stakeholder management from a global perspective to realize business portfolio transformation and building a solution-based business model.
Finance and accounting	✓ The skills and experience to oversee execution in relation to finance, from a finance and accounting perspective, including the series of measures for the monitoring and reporting of corporate performance in an appropriate manner, from both financial and non-financial perspectives, as well as capital policies, investment plans, and financing plans.
Risk management	✓ The skills and experience to oversee execution in relation to the building of an appropriate company-wide risk management system and monitoring activities that can be shared with management, including integrated risk management and other approaches, for the various risks that may arise in corporate activities in the Company Group and globally.
Diversity/organization and HR management	✓ The skills and experience to oversee execution in relation to human capital management, including promoting the HR strategy and HR portfolio transformation, improving organizational diversity, equity, and inclusion, building a corporate culture that embodies independence, autonomy, and collaboration, and increasing the engagement of each individual employee.

Skills and experience	Definition
Sustainability	<ul style="list-style-type: none"> <li>✓ The skills and experience to oversee execution in relation to the Company Group's sustainability initiatives with appropriate understanding of the essentials of corporate activities in issues surrounding sustainability, gaining insight from the impacts of recent trends in social issues and social demands affecting the realization of success (or failure) of achieving sustainable improvement in the Company Group's corporate value, including global environmental issues such as climate change and respect for human rights.</li> </ul>

**Reference:**

**Overview of the New Executive Compensation System**

(Including the details of the policy for determining the details of the compensation of an individual Director.)

1. Executive Compensation Policy

The compensation policy for Directors has been revised, applying to Executive Officers. A new compensation policy has been established for Outside Directors, Corporate Auditors, and Outside Corporate Auditors. A specific compensation system has been designed based on these policies.

Position	Executive Compensation Policy
Directors Executive Officers	<p>The Company Group aims “to be a corporate group that continues to grow through solving social challenges and creating diverse value with the power of chemistry,” and its policy on compensation for Directors and Executive Officers who drive the realization of this aim is as follows.</p> <ol style="list-style-type: none"><li>(1) A competitive compensation system that can acquire and retain talented and diverse human resources that will contribute to the sustainable enhancement of the Group’s corporate value</li><li>(2) A compensation system that can strongly motivate the promotion of various “transformation” aimed at increasing corporate value</li><li>(3) A compensation system that encourages the bold challenging and achievement of short-term and medium- to long-term financial and non-financial goals (ESG goals) in order to promote “transformation” aimed at increasing corporate value</li><li>(4) A compensation system that has an awareness of shareholder value and encourages management from the same perspective as shareholders</li><li>(5) A compensation system and compensation determination process that is supported by all stakeholders, including shareholders, from the perspectives of transparency, objectivity, rationality, and soundness</li></ol>
Outside Directors	<p>The policy on compensation for Outside Directors who play a role in the supervision of the Company’s management is as follows.</p> <ol style="list-style-type: none"><li>(1) A compensation system and compensation level that can acquire and retain personnel who can contribute to improving the supervisory and governance functions of the Company’s management.</li><li>(2) In particular, a compensation system and compensation level that can acquire and retain the following personnel.<ol style="list-style-type: none"><li>a. Personnel who will contribute to improving the transparency, objectivity, and appropriateness of the Company’s management’s nomination, evaluation, and compensation decisions.</li><li>b. Personnel with expertise and experience in the Company’s business, including current and future new businesses, and who will lead the Company’s sustainable growth from a medium- to long-term perspective.</li></ol></li><li>(3) Based on the role of supervising business execution from an objective and independent standpoint, compensation will be fixed compensation only, and performance-linked compensation in the form of bonuses and restricted stock-based compensation will not be paid.</li></ol>

Position	Executive Compensation Policy
Corporate Auditors	<p>The policy on compensation for Corporate Auditors and Outside Corporate Auditors who play a role in the auditing and supervision of the Company’s management is as follows.</p> <p>(1) A compensation system and compensation level that can acquire and retain personnel who can contribute to improving the functions of auditing and supervision of business execution.</p> <p>(2) In particular, a compensation system and compensation level that can acquire and retain the following personnel.</p> <p>a. Personnel with specialist expertise and experience in legal, financial, tax, and crisis/risk management</p> <p>b. Personnel who will contribute to improving the quality of the Company’s compliance and governance through the auditing and supervision of business execution.</p> <p>(3) Based on the role of auditing and supervising business execution from an objective and independent standpoint, compensation will be fixed compensation only, and performance-linked compensation in the form of bonuses and restricted stock-based compensation will not be paid.</p>

## 2. Approach to Compensation Levels

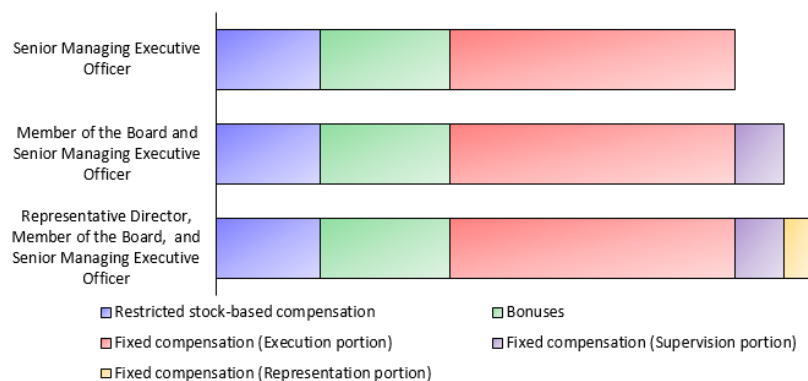
In order to acquire and retain talented and diverse human resources who will contribute to the sustainable enhancement of the Company Group’s corporate value and to motivate the promotion of various “transformations” aimed at enhancing corporate value, compensation data from an external research organization is used. A group of comparative companies is established, and competitive compensation levels that are in the middle to upper levels among these companies are set. The comparative companies are selected from Japanese companies whose consolidated operating income (or equivalent indicator as a reference), which is an important indicator in the management of the Company and an objective and continuously comparable indicator, is comparable to the Company’s current performance and the performance it should aim for (operating income of ¥100 billion to ¥250 billion).

## 3. Compensation Structure

### 1) Directors and Executive Officers

To create a compensation structure that is easy to understand and strengthen governance, the previous fixed compensation is divided into three portions. The structure is composed of fixed compensation (representation portion + supervision portion + execution portion) + bonus + restricted stock-based compensation. The execution portion of the fixed compensation and the performance-linked bonus and restricted stock-based compensation are the compensation for execution. For example, for a Representative Director, Member of the Board, and Senior Managing Executive Officer; a Member of the Board and Senior Managing Executive Officer; and a Senior Managing Executive Officer, the differences in the compensation items are the representation and supervision portions, while the execution portion of the fixed compensation, bonuses, and restricted stock-based compensation are the same amount.

Image of compensation structure





(1) Fixed Compensation

This will be paid as a fixed monthly amount. The execution, supervision, and representation portions of the existing fixed compensation are separated to strengthen governance. The amount paid for the execution portion differs according to each position. The amounts paid for the supervision and representation portions are uniformly the same regardless of position, and are set based on the Company's approach to representation and supervision, and data from an external research organization.

(2) Bonuses

The overview of the Bonus System is as described in the following table. Compared to previous years, the Company implemented (1) "Revision of Formula (Calculation)." (2) "Introduction of Evaluation of Non-financial Indicators," and (3) "Introduction of Maximum and Minimum Profit Limits in relation to Bonus Payments."

Overview of the Bonus System	
Definition	Short-term incentive compensation to encourage the steady achievement of performance targets each fiscal year
Formula	$\frac{\text{Core operating income}}{\text{non-financial indicators}} \times \text{coefficient} \times \text{coefficient by position} \times \left( \frac{\text{evaluation coefficient for}}{\text{evaluation coefficient for performance of the division in charge}} \right)$
Performance Indicator	Core operating income, which is a key indicator in the VISION 2030 and the result of business activities.
Coefficient	If core operating income exceeds the FY2025 target of ¥200 billion, the coefficient will be increased in order to more strongly motivate the Directors and executive officers to achieve the VISION 2030 target of ¥250 billion.
Evaluation Indicators	<p><u>Evaluation of non-financial indicators</u></p> <ul style="list-style-type: none"> <li>The non-financial indicators linked to materiality are defined in VISION 2030 and aim to enhance corporate value from both financial and non-financial perspectives. To strongly encourage the achievement of non-financial indicators, the particularly important non-financial indicators are selected and their level of achievement is evaluated.</li> </ul> <p>Examples of indicators: number of serious accidents, sales revenue ratio of Blue Value<sup>®</sup> / Rose Value<sup>®</sup> products, engagement scores, etc.</p> <ul style="list-style-type: none"> <li>The evaluation period is one fiscal year (April to March of the following year) and the evaluation is on a five-point scale. The evaluation coefficient ranges from +20% to -20%.</li> </ul>
	<p><u>Evaluation of the performance of the division in charge</u></p> <ul style="list-style-type: none"> <li>At the beginning of each fiscal year, performance targets are set for the division that each individual is responsible for, and the level of achievement is evaluated at the end of the fiscal year.</li> <li>The evaluation period is one fiscal year (April to March of the following year), the evaluation is on a five-point scale, and the evaluation coefficient ranges from 150% to 50%.</li> </ul>
Upper and Lower Profit Limit	<p>From the perspective of compensation governance, and taking into account the control of excessive compensation payments compared to benchmarks and the responsibility to pay dividends to shareholders, the upper and lower profit limits for bonus payments are as follows. (The upper profit limit is the amount of profit at which the bonus amount reaches its maximum, and the lower profit limit is the amount of profit at which the bonus accrues)</p> <ul style="list-style-type: none"> <li>Upper profit limit: Core operating income of ¥300 billion (set based on the VISION 2030 target)</li> <li>Lower profit limit: Core operating income of ¥36 billion (set based on DOE*)</li> </ul> <p>* Ratio of distribution of equity attributable to owners of the parent company</p>

Time of Payment	Once a year after Ordinary General Meeting of Shareholders
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(3) Restricted Stock-Based Compensation

The restricted stock-based compensation shall be monetary compensation claims for the grant of restricted stock, the overview of which is as described in the following table. Compared to previous years, the Company implemented (1) “Revision of Formula (Calculation).” (2) “Introduction of ROE (Return on Equity Attributable to Owners of the Company) and TSR (Total Shareholder Return) as evaluation indicators,” (3) “Introduction of Maximum and Minimum Profit Limits in relation to Restricted Stock-based Compensation Payments,” and (4) “Revision of the Period of Restriction on Transfer of Shares.”

Overview of the Restricted Stock-based Compensation System	
Definition	Medium- to long-term incentive compensation to encourage increased corporate and shareholder value
Formula	$\left( \frac{\text{Net income attributable to owners of the parent}}{\text{coefficient}} \right) \times \text{coefficient} \times \text{ROE evaluation coefficient} \times \text{coefficient by position} \times \text{TSR evaluation coefficient}$
Performance Indicator	Since the purpose of restricted stock-based compensation is to promote a shared awareness of profits with shareholders aimed at enhancing corporate and shareholder value, net income attributable to owners of the parent, which is a key indicator in the VISION 2030 and is linked to shareholder profits, is used as the indicator.
Coefficient	If net income attributable to owners of the parent exceeds the FY2025 target of ¥110 billion, the coefficient will be increased in order to more strongly motivate the Directors and executive officers to achieve the VISION 2030 target of ¥140 billion.
Evaluation Indicators	<p><u>ROE evaluation</u></p> <ul style="list-style-type: none"> <li>This is introduced with the aim of efficiently improving return on capital.</li> <li>The evaluation period is one fiscal year (from April to March of the following year), and the level of achievement of the budget for each fiscal year is evaluated. The evaluation is on a three-point scale, and the evaluation coefficient ranges from 110% to 90%.</li> </ul> <p>[Formula]</p> $\text{ROE budget achievement rate} = \frac{\text{ROE actual value}}{\text{ROE budget value}} \times 100$
	<p><u>TSR evaluation</u></p> <ul style="list-style-type: none"> <li>This is introduced with the aim of improving overall corporate and shareholder value, including stock price, in addition to business performance.</li> <li>The evaluation period is one fiscal year (April to March of the following year), and the Company’s TSR is evaluated relative to the TSR of the “JPX-Nikkei Index 400 including dividends,” which is the target for comparison. The evaluation is on a seven-point scale, and the evaluation coefficient ranges from 130% to 70%.</li> </ul> <p>[Formula]</p> $\text{The Company's TSR} = \frac{\left( \text{Average closing price of the stock for each day of the end period} + \text{dividend per share} \right)}{\text{Average closing price of the stock for each day of the end period}} \times 100$

Upper and Lower Profit Limit	<p>From the perspective of compensation governance, and taking into account the control of excessive compensation payments compared to benchmarks and the responsibility to pay dividends to shareholders, the upper and lower profit limits for restricted stock-based compensation are as follows. (The upper profit limit is the amount of profit at which the restricted stock-based compensation amount reaches its maximum, and the lower profit limit is the amount of profit at which the restricted stock-based compensation accrues)</p> <ul style="list-style-type: none"> <li>• Upper profit limit: Net income attributable to owners of the parent of ¥200 billion (set based on the VISION 2030 target)</li> <li>• Lower profit limit: Net income attributable to owners of the parent of ¥22 billion (set based on DOE*)</li> </ul> <p>* Ratio of distribution of equity attributable to owners of the parent company</p>
Period of Restriction on Transfer	Until the time of retirement or resignation from the position of an officer or employee of the Company predetermined by the Board of Directors such as member of the Board, Corporate Auditor, Executive Officer, Chief Senior Director, Senior Director, Councillor, Advisor, Senior Advisor, or employee of the Company, or any other similar position (hereinafter “Position of Restriction on Transfer”),
Conditions of Payment	From the perspective of compensation governance, restricted stock-based compensation shall not be paid if the net income attributable to owners of the parent is below the lower limit set based on the dividend on equity attributable to owners of the parent company (DOE).
Time of Payment	Once a year

2) Outside Directors

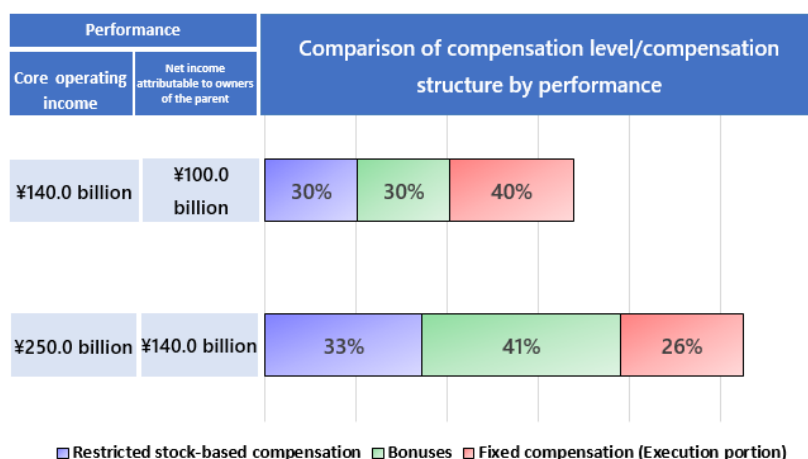
Since an Outside Director supervises the execution of business operations from an objective and independent standpoint, fixed compensation only will be paid as monthly fixed remuneration.

3) Corporate Auditors, Outside Corporate Auditors

Since a Corporate Auditor/Outside Corporate Auditor audits and supervises the execution of business operations from an objective and independent standpoint, fixed remuneration only will be paid as monthly fixed remuneration.

4. Compensation Structure Ratio

The ratio of fixed compensation, bonuses, and restricted stock-based compensation for Directors (excluding Outside Directors) and Executive Officer is that the ratio of the variable compensation of bonuses and restricted stock-based compensation will be higher for positions with greater executive responsibility. For example, the compensation of the Representative Director, Member of the Board, President & CEO is shown in the figure below.



5. Compensation Determination Process

The policy for determining the details of compensation, etc. for individual Director of the Company will be determined by resolution of the Board of Directors based on the objective deliberations of the Executive Compensation Committee, which is composed of a majority of Independent Outside Directors and chaired by an Independent Outside Director. The Executive Compensation Committee also utilizes the advice of compensation advisors from external professional organizations in order to provide an objective perspective and expert knowledge and information regarding the compensation system.

## Consolidated Statement of Financial Position

(As of March 31, 2023)

(Millions of yen)

Item	Amount	Item	Amount
<b>ASSETS</b>	<b>2,068,203</b>	<b>LIABILITIES</b>	<b>1,184,900</b>
<b>Current assets</b>	<b>1,094,286</b>	<b>Current liabilities</b>	<b>695,444</b>
Cash and cash equivalents	186,310	Trade payables	164,267
Trade receivables	352,181	Bonds and borrowings	368,463
Inventories	441,949	Income taxes payable	7,416
Other financial assets	76,409	Other financial liabilities	112,933
Other current assets	37,437	Provisions	2,349
		Other current liabilities	40,016
<b>Non-current assets</b>	<b>973,917</b>	<b>Non-current liabilities</b>	<b>489,456</b>
Property, plant and equipment	553,332	Bonds and borrowings	369,786
Right-of-use assets	47,555	Other financial liabilities	57,174
Goodwill	19,338	Retirement benefit liabilities	20,242
Intangible assets	48,137	Provisions	6,101
Investment property	21,713	Deferred tax liabilities	35,162
Investments accounted for using equity method	148,892	Other non-current liabilities	991
Other financial assets	58,518		
Retirement benefit assets	61,036		
Deferred tax assets	10,270		
Other non-current assets	5,126		
		<b>EQUITY</b>	<b>883,303</b>
		<b>Equity attributable to owners of the parent</b>	<b>786,827</b>
		Share capital	125,572
		Capital surplus	57,778
		Treasury stock	(32,704)
		Retained earnings	575,125
		Other components of equity	61,056
		<b>Non-controlling interests</b>	<b>96,476</b>
<b>Total</b>	<b>2,068,203</b>	<b>Total</b>	<b>2,068,203</b>

## Consolidated Statement of Income

(April 1, 2022 to March 31, 2023)

(Millions of yen)

Item	Amount
<b>Sales revenue</b>	<b>1,879,547</b>
Cost of sales	(1,498,054)
<b>Gross profit</b>	<b>381,493</b>
Selling, general and administrative expenses	(284,589)
Other operating income	28,325
Other operating expenses	(17,924)
Share of profit of investments accounted for using equity method	21,693
<b>Operating income</b>	<b>128,998</b>
Financial income	5,678
Financial expenses	(17,398)
<b>Income before income taxes</b>	<b>117,278</b>
Income tax expense	(27,140)
<b>Net income</b>	<b>90,138</b>
<b>Net income attributable to:</b>	
Owners of the parent	82,936
Non-controlling interests	7,202
<b>Net income</b>	<b>90,138</b>

## Consolidated Statement of Changes in Equity

(April 1, 2022 to March 31, 2023)

(Millions of yen)

	Equity attributable to owners of the parent			
	Share capital	Capital surplus	Treasury stock	Retained earnings
Balance at the beginning of current period	125,414	69,866	(34,932)	516,098
Net income	-	-	-	82,936
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	-	82,936
Purchase of treasury stock	-	-	(10,023)	-
Disposal of treasury stock	-	(0)	5	-
Cancellation of treasury stock	-	(12,246)	12,246	-
Dividends	-	-	-	(24,161)
Share-based payment transactions	158	158	-	-
Change in scope of consolidation	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	252
Total transactions with owners	158	(12,088)	2,228	(23,909)
Balance at the end of current period	125,572	57,778	(32,704)	575,125

	Equity attributable to owners of the parent					Total equity attributable to owners of the parent	Non-controlling interests	Total equity
	Other components of equity							
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Exchange differences on translation of foreign operations	Effective portion of net change in fair value of cash flow hedges	Total			
Balance at the beginning of current period	14,558	-	21,911	(261)	36,208	712,654	94,468	807,122
Net income	-	-	-	-	-	82,936	7,202	90,138
Other comprehensive income	4,172	938	19,810	180	25,100	25,100	2,830	27,930
Total comprehensive income	4,172	938	19,810	180	25,100	108,036	10,032	118,068
Purchase of treasury stock	-	-	-	-	-	(10,023)	-	(10,023)
Disposal of treasury stock	-	-	-	-	-	5	-	5
Cancellation of treasury stock	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(24,161)	(7,168)	(31,329)
Share-based payment transactions	-	-	-	-	-	316	-	316
Change in scope of consolidation	-	-	-	-	-	-	(856)	(856)
Transfer from other components of equity to retained earnings	686	(938)	-	-	(252)	-	-	-
Total transactions with owners	686	(938)	-	-	(252)	(33,863)	(8,024)	(41,887)
Balance at the end of current period	19,416	-	41,721	(81)	61,056	786,827	96,476	883,303

## Non-consolidated Balance Sheet

(As of March 31, 2023)

(Millions of yen)

Item	Amount	Item	Amount
<b>ASSETS</b>	<b>1,311,626</b>	<b>LIABILITIES</b>	<b>907,204</b>
<b>Current Assets:</b>	<b>545,258</b>	<b>Current Liabilities:</b>	<b>533,792</b>
Cash and deposits	34,275	Accounts payable-trade	104,210
Electronically recorded monetary claims - operating	1,252	Short-term loans payable	113,950
Accounts receivable-trade	198,732	Current portion of long-term loans payable	37,100
Merchandise and products	110,805	Commercial papers	140,000
Work in process	3,064	Lease obligations	394
Raw materials and supplies	59,720	Accounts payable-other	73,057
Advance payments	1,882	Accrued expenses	10,523
Prepaid expenses	2,759	Income taxes payable	704
Short-term loans receivable	20,502	Advances received	101
Accounts receivable-other	105,692	Deposits received	36,964
Income taxes receivable	4,203	Provision for directors' bonuses	139
Other	3,293	Provision for repairs	14,236
Allowance for doubtful accounts	(921)	Provision for loss on guarantees	1,070
		Provision for loss on head office transfer	481
		Asset retirement obligations	729
		Other	134
<b>Non-current Assets:</b>	<b>766,368</b>	<b>Non-current Liabilities:</b>	<b>373,412</b>
<b>Property, plant and equipment</b>	<b>320,263</b>	Bonds payable	130,000
Buildings	44,387	Long-term loans payable	225,250
Structures	32,514	Lease obligations	3,968
Machinery and equipment	84,315	Provision for retirement benefits	2,756
Vehicles	116	Provision for repairs	2,179
Tools, furniture and fixtures	7,114	Provision for environmental measures	181
Land	135,205	Provision for loss on guarantees	3,340
Lease assets	2,338	Asset retirement obligations	1,162
Construction in progress	14,274	Other	4,576
<b>Intangible assets</b>	<b>9,803</b>		
Industrial property	821		
Other rights	90		
Software	8,892		
		<b>NET ASSETS</b>	<b>404,422</b>
<b>Investments and other assets</b>	<b>436,302</b>	<b>Shareholders' Equity:</b>	<b>401,824</b>
Investment securities	24,752	<b>Capital stock</b>	<b>125,572</b>
Shares of subsidiaries and affiliates	257,299	<b>Capital surplus</b>	<b>77,513</b>
Investment in capital	0	Legal capital surplus	54,301
Investment in capital of subsidiaries and affiliates	52,036	Other capital surplus	23,212
Long-term loans receivable	3,027	<b>Retained earnings</b>	<b>231,443</b>
Claims provable in bankruptcy, claims provable in rehabilitation and other	47	Legal retained earnings	12,506
Long-term loans receivable from subsidiaries and affiliates	57,896	Other retained earnings	218,937
Long-term prepaid expenses	386	Reserve for dividends	10,000
Prepaid pension cost	49,283	General reserve	28,070
Deferred tax assets	1,023	Reserve for specified stock acquisition	244
Other	13,974	Retained earnings brought forward	180,623
Allowance for doubtful accounts	(23,421)	<b>Treasury stock</b>	<b>(32,704)</b>
		<b>Valuation and Translation Adjustments:</b>	<b>2,598</b>
		Valuation difference on available-for-sale securities	2,598
<b>Total</b>	<b>1,311,626</b>	<b>Total</b>	<b>1,311,626</b>



## Non-consolidated Statement of Income

(April 1, 2022 to March 31, 2023)

(Millions of yen)

Item	Amount	
<b>Net sales:</b>		<b>954,943</b>
<b>Cost of sales:</b>		<b>831,884</b>
<b>Gross profit</b>		<b>123,059</b>
<b>Selling, general and administrative expenses:</b>		<b>113,791</b>
<b>Operating income</b>		<b>9,268</b>
<b>Non-operating income:</b>		
Interest and dividends income	53,397	
Rent income	1,332	
Foreign exchange gains	326	
Other	2,049	57,104
<b>Non-operating expenses:</b>		
Interest expenses	3,094	
Loss on suspension of operations	2,820	
Provision of allowance for doubtful accounts	10,909	
Provision for loss on guarantees	4,005	
Other	2,654	23,482
<b>Ordinary income</b>		<b>42,890</b>
<b>Extraordinary income:</b>		
Gain on sales of non-current assets	102	
Gain on sales of shares of subsidiaries and affiliates	23,199	
Gain on repayments from capital reduction in subsidiaries and affiliates	6,801	30,102
<b>Extraordinary losses:</b>		
Loss on disposal of non-current assets	4,314	
Loss on sales of non-current assets	36	
Impairment loss	2,292	
Loss on valuation of investment securities	1,174	
Loss on valuation of shares of subsidiaries and affiliates	10,529	
Loss on valuation of investment in capital of subsidiaries and affiliates	390	18,735
<b>Profit before income taxes</b>		<b>54,257</b>
Income taxes - current	4,546	
Income taxes - deferred	1,018	5,564
<b>Profit</b>		<b>48,693</b>

## Non-consolidated Statement of Changes in Net Assets

(April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings			Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings (Note)	Total retained earnings		
Balance at the beginning of current period	125,414	54,143	35,458	89,601	12,506	194,405	206,911	(34,932)	386,994
Changes during period									
Issuance of new shares	158	158		158					316
Dividends of surplus						(24,161)	(24,161)		(24,161)
Profit						48,693	48,693		48,693
Purchase of treasury stock								(10,023)	(10,023)
Disposal of treasury stock			(0)	(0)				5	5
Cancellation of treasury stock			(12,246)	(12,246)				12,246	–
Net changes of items other than shareholders' equity									
Total changes during period	158	158	(12,246)	(12,088)	–	24,532	24,532	2,228	14,830
Balance at the end of current period	125,572	54,301	23,212	77,513	12,506	218,937	231,443	(32,704)	401,824

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	757	757	387,751
Changes during period			
Issuance of new shares			316
Dividends of surplus			(24,161)
Profit			48,693
Purchase of treasury stock			(10,023)
Disposal of treasury stock			5
Cancellation of treasury stock			–
Net changes of items other than shareholders' equity		1,841	1,841
Total changes during period		1,841	16,671
Balance at the end of current period		2,598	404,422

Note: Breakdown of other retained earnings

(Millions of yen)

	Reserve for dividends	General reserve	Reserve for specified stock acquisition	Retained earnings brought forward	Total
Balance at the beginning of current period	10,000	28,070	195	156,140	194,405
Changes during period					
Dividends of surplus				(24,161)	(24,161)
Profit				48,693	48,693
Provision of reserve for specified stock acquisition			49	(49)	–
Total changes during period	–	–	49	24,483	24,532
Balance at the end of current period	10,000	28,070	244	180,623	218,937

END