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(Securities Code: 7438)

June 1, 2021

To Our Shareholders

Katsuhiko Kondo  
President and Representative Director  
**KONDOTEC INC.**  
2-2-90, Sakaigawa, Nisi-ku, Osaka-shi, Osaka, Japan

## NOTICE OF THE 69TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

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

We are pleased to announce the 69th Annual General Meeting of Shareholders of KONDOTEC INC. (the “Company”), which will be held as indicated below.

**Because we seek to prevent transmission of COVID-19 at the meeting venue, we accordingly ask that you refrain from attending the General Meeting of Shareholders and instead exercise your voting rights by postal mail or via the Internet, etc.**

**Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights following the instructions provided no later than 5:30 p.m. on Monday, June 21, 2021. (Japan Time)**

<b>1. Date and Time:</b>	Tuesday, June 22, 2021, at 10:00 a.m. 【Reception starts at 9:00 a.m.】 (Japan Time)
<b>2. Venue:</b>	1-2-1, Benten, Minato-ku, Osaka-shi, Osaka, Japan Conference rooms 301 and 302, 3rd floor, ART HOTEL Osaka Bay Tower <b>Please note that this year’s meeting will be held at a different location from that of last year.</b>
<b>3. Meeting Agenda:</b>	<b>Items to be reported:</b> <ol style="list-style-type: none"><li>Business Report, Consolidated Financial Statements, and Audit Reports for Consolidated Financial Statements by the Accounting Auditor and the Audit &amp; Supervisory Committee, for the 69th Fiscal Year (from April 1, 2020 to March 31, 2021)</li><li>Non-consolidated Financial Statements for the 69th Fiscal Year (from April 1, 2020 to March 31, 2021)</li></ol> <b>Items to be resolved:</b> <p><b>Proposal No. 1</b> Appropriation of Surplus</p> <p><b>Proposal No. 2</b> Partial Amendment to the Articles of Incorporation</p> <p><b>Proposal No. 3</b> Election of Nine (9) Directors (Excluding Directors Who Are Audit &amp; Supervisory Committee Members)</p> <p><b>Proposal No. 4</b> Election of One (1) Director Who Is an Audit &amp; Supervisory Committee Member</p> <p><b>Proposal No. 5</b> Determination of Remuneration for Granting Restricted Shares to Directors (Excluding Directors Who Are Audit &amp; Supervisory Committee Members and Outside Directors)</p>

As was the case last year, we are no longer providing shareholder gifts previously furnished to those attending the General Meeting of Shareholders and are accordingly placing emphasis on ensuring equitable returns to our shareholders.

We thank you for your understanding in that regard.

- ◎ Pursuant to the relevant laws and regulations and Article 15 of the Company's Articles of Incorporation, the following items of the attached documents are posted on the Company's website instead of being included in this notice.
- ① "System to Ensure the Appropriateness of Business," "Overview of Status of System to Ensure the Appropriateness of Business," and "Basic Policy on Control of the Company" in the Business Report
  - ② "Consolidated Statement of Changes in Shareholders' Equity" and "Notes to the Consolidated Financial Statements" of the Consolidated Financial Statements
  - ③ "Non-consolidated Statement of Changes in Shareholders' Equity" and "Notes to the Non-consolidated Financial Statements" of the Non-consolidated Financial Statements
- Accordingly, the attached documents to this notice constitute a part of the documents that were audited by the Accounting Auditor and the Audit & Supervisory Committee when preparing the audit report.
- ◎ If any changes are made to items in the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-consolidated Financial Statements or the Consolidated Financial Statements, such changes will be posted on the Company's website.
- ◎ If future developments in the situation regarding the COVID-19 outbreak necessitate a major change in the way the General Meeting of Shareholders will be run, shareholders will be informed via the Company's website.

The Company's website ▼

<https://www.kondotec.co.jp/en/ir/stockinfo/meeting.html>

## Reference Documents for the General Meeting of Shareholders

### Proposals and Reference Information

<b>Proposal No. 1</b>	<b>Appropriation of Surplus</b>
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The Company proposes to appropriate surplus as follows.

#### **Matters related to year-end dividends**

The Company regards return of profits to shareholders as an important management policy and reinforcement of the financial standing makes an effort to improvement of earning capacity, as well as works on improvement of the capital efficiency, while also planning for expansion of a strategic investment by M&A and an aggressive business investment for growth.

In terms of dividends, while fully taking into account both the consolidated operating results and the consolidated dividend payout ratio, we have the basic policy to increase dividends to shareholders continuously and stably, targeting dividend on equity (DOE) of 2.5% or higher.

We have adopted DOE, the ratio of dividends returned from net assets, as a benchmark for ensuring consistent dividends regardless of temporary fluctuations in profits. Moreover, the KONDOTEC Group also strives to achieve return on equity (ROE), a benchmark of capital efficiency, of 10% or higher. Accordingly achieving this aim enables us to generate profits above a certain level each fiscal year. That culminates in higher consolidated net assets, which form the basis for determining the dividend, thereby making it possible for us to continuously increase dividends.

With respect to the year-end dividend for the current fiscal year, we seek to express our gratitude to our shareholders for their ongoing support by increasing the dividend by ¥ 1 relative to that of the previous fiscal year to ¥ 15.50 per share, having taken into account our earnings results and other such factors.

This results in annual dividends of ¥ 31 per share in conjunction with the interim dividend of ¥ 15.50 per share previously paid.

<b>Category of dividend assets</b>	Cash
<b>Allotment of dividend property and their aggregate amount</b>	¥ 15.50 per share of the Company common stock Total dividends: ¥ 406,952,469
<b>Effective date of dividends of surplus</b>	June 23, 2021

**1. Reason for proposal**

The Company proposes to partially amend the business purposes set forth in Article 2 (Purpose) of the current Articles of Incorporation, thereby enabling it going forward to address business expansion and diversification encompassing the Company and its subsidiaries.

**2. Details of amendment**

Details regarding the amendment are as follows.

(Amendments are underlined)

Current Articles of Incorporation	Proposed amendment
(Purpose) Article 2 The purpose of the Company shall be to engage in the following businesses. (1) to (12) (Omitted) (Newly established) (Newly established) (13) Business incidental to each of the preceding items	(Purpose) Article 2 The purpose of the Company shall be to engage in the following businesses. (1) to (12) (Unchanged) <u>(13) Car rental services</u> <u>(14) Security services</u> <u>(15) Business incidental to each of the preceding items</u>

**Proposal No. 3****Election of Nine (9) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)**

The terms of office of all ten (10) currently serving Directors (excluding Directors who are Audit & Supervisory Committee Members) will expire at the conclusion of this meeting.

Therefore, the Company proposes the election of nine (9) Directors (excluding Directors who are Audit & Supervisory Committee Members), lowering the number of Directors by one, to allow quick decision-making at the Board of Directors' meetings.

The Company's Audit & Supervisory Committee deems that all of the Director Candidates are qualified with respect to this proposal.

The candidates for Director are as follows:

Candidate No	Name	Position and Responsibilities at the Company	Remarks
1	Katsuhiko Kondo	President and Representative Director	Reappointment
2	Tomoya Ando	Vice President and Director, General Manager of Management Headquarters and Manager of General Affairs Division	Reappointment
3	Hiroyuki Yada	Executive Director, General Manager of Sales Headquarters, Manager of Western Japan Sales Division and Manager of Business Strategy Department	Reappointment
4	Noboru Hamano	Director, Manager of Structural Steel Sales Division	Reappointment
5	Yoichi Hyakuda	Executive Director, General Manager of Manufacturing Headquarters and Manager of Kyusyu Factory	Reappointment
6	Kazuyuki Asakawa	Director, Manager of Eastern Japan Sales Division and Manager of Tokyo Branch	Reappointment
7	Tomoyuki Ejiri	Director President and Representative Director, Nippon Scaffolding Holdings Co., Ltd. Representative Director and Chairman, TOKAI STEP CO., LTD.	Reappointment
8	Michiko Kanai	Outside Director	Reappointment Outside Director Independent Director
9	Takashi Maruyama	—	New Appointment Outside Director Independent Director

No.	Name (Date of birth)	Past experience, positions and responsibilities [significant concurrent positions]	Number of shares of the Company held
1	<u>Reappointment</u> Katsuhiko Kondo (November 8, 1959)	June 1984 Joined the Company July 1988 Manager of Saitama Office, the Company Jan. 1991 Manager of Kitakanto Office, the Company June 1992 Director, Manager of Kitakanto Office, the Company Mar. 1999 Director, Manager of Yokohama Branch, the Company June 2002 Director, Manager of Delivery Division, the Company Oct. 2007 Director, Manager of Planning Division, the Company Apr. 2010 Director, the Company Vice President and Representative Director, Sanwa Denzai Co., Ltd. June 2011 Director, the Company President and Representative Director, Sanwa Denzai Co., Ltd. Jan. 2013 Director, In charge of Planning, the Company June 2013 President and Representative Director, the Company (current position)  [Significant concurrent positions] Representative Director, Towa Kosan Corp. Representative Director, Toto Kosan INC.	106,432 shares
[Reasons for nomination as candidate for Director] Katsuhiko Kondo has engaged in sales, logistics, planning and other operations since joining the Company in 1984, and has extensive experience otherwise that includes serving as Representative Director of Sanwa Denzai Co., Ltd. in conjunction with the Company having made wholesaler of electric equipment Sanwa Denzai Co., Ltd. a subsidiary. The Company has renominated him as a Director candidate, given that he performs his professional duties as serving as President and Representative Director and having deemed that he is an individual who helps the Company sustainably increase its corporate value.			

No.	Name (Date of birth)	Past experience, positions and responsibilities [significant concurrent positions]	Number of shares of the Company held
2	<p data-bbox="220 965 443 1081"> <u>Reappointment</u>  Tomoya Ando  (June 11, 1953) </p>	<p data-bbox="466 259 1340 320">Jan. 1996 Manager of Kuki Branch, The Tokai Bank, Ltd. (current MUFG Bank, Ltd.)</p> <p data-bbox="466 338 1174 367">Feb. 1998 Manager of Omori Branch, The Tokai Bank, Ltd.</p> <p data-bbox="466 385 1337 445">Nov. 1999 Manager of Bito-Bihoku flagship store and Manager of Komaki Branch, The Tokai Bank, Ltd.</p> <p data-bbox="466 463 1340 524">Feb. 2002 Manager of Uehommachi Corporate Sales Division and Manager of Uehommachi Branch, UFJ Bank Limited (current MUFG Bank, Ltd.)</p> <p data-bbox="466 542 1123 571">Jan. 2004 Chief Assistant Manager, UFJ Bank Limited</p> <p data-bbox="466 589 1337 649">Apr. 2004 Manager of Nakanoshima Corporate Sales Division and Manager of Nakanoshima Branch, UFJ Bank Limited</p> <p data-bbox="466 667 1337 728">Apr. 2006 Headquarter Deputy Director, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (current MUFG Bank, Ltd.)</p> <p data-bbox="466 745 1201 806">Nov. 2006 Loan to the Company Manager of General Affairs Division, the Company</p> <p data-bbox="466 824 1201 884">June 2007 Joined the Company Manager of General Affairs Division, the Company</p> <p data-bbox="466 902 1337 963">June 2007 Director, General Manager of Management Headquarters and Manager of General Affairs Division, the Company</p> <p data-bbox="466 981 1337 1041">June 2009 Executive Director, General Manager of Management Headquarters and Manager of General Affairs Division, the Company</p> <p data-bbox="466 1059 1201 1088">Apr. 2010 Director, Sanwa Denzai Co., Ltd. (current position)</p> <p data-bbox="466 1106 1337 1196">June 2012 Senior Executive Director, General Manager of Management Headquarters and Manager of General Affairs Division, the Company</p> <p data-bbox="466 1214 1233 1243">Aug. 2014 Director, CHUOH GIKEN Co., Ltd. (current position)</p> <p data-bbox="466 1261 1337 1321">Feb. 2019 Director, TECBUILD CO., LTD. (Changed the company name from HIROSE KOSAN CO., LTD.) (current position)</p> <p data-bbox="466 1339 1217 1368">Feb. 2020 Director, TOKAI STEP CO., LTD. (current position)</p> <p data-bbox="466 1386 1337 1476">June 2020 Vice President and Director, General Manager of Management Headquarters and Manager of General Affairs Division, the Company (current position)</p> <p data-bbox="466 1494 1123 1523">Jan. 2021 Director, FUKOKU, LTD. (current position)</p> <p data-bbox="466 1541 1337 1570">Apr. 2021 Director, Nippon Scaffolding Holdings Co., Ltd. (current position)</p> <p data-bbox="466 1588 1043 1794"> [Significant concurrent positions]  Director, Sanwa Denzai Co., Ltd.  Director, CHUOH GIKEN Co., Ltd.  Director, Nippon Scaffolding Holdings Co., Ltd.  Director, TECBUILD CO., LTD.  Director, TOKAI STEP CO., LTD.  Director, FUKOKU, LTD. </p>	72,900 shares
<p data-bbox="220 1809 798 1839">[Reasons for nomination as candidate for Director]</p> <p data-bbox="220 1856 1509 2011">Tomoya Ando has gained experience with respect to the professional duties listed above subsequent to having joined Tokai Bank Inc. (current MUFG Bank, Ltd.). Since having been seconded to the Company in 2006 (joined the Company in 2007), he has provided oversight of management operations drawing on experience he has amassed with financial institutions, and has furthermore engaged in M&amp;A, overseas expansion, and human resources management.</p> <p data-bbox="220 2029 1509 2112">The Company has renominated him as a Director candidate, given that he performs his professional duties serving as General Manager of Management Headquarters and having deemed that he is an individual who helps the Company sustainably increase its corporate value.</p>			

No.	Name (Date of birth)	Past experience, positions and responsibilities [significant concurrent positions]	Number of shares of the Company held
3	<u>Reappointment</u> Hiroyuki Yada (July 15, 1962)	Apr. 1985 Joined the Company June 2006 Manager of Yokohama Branch, the Company June 2011 Manager of Delivery Division, the Company June 2011 Executive Officer, Manager of Delivery Division, the Company Apr. 2013 Executive Officer, Manager of Western Japan Sales Division, the Company June 2016 Director, Manager of Western Japan Sales Division, the Company Apr. 2018 Director, Manager of Western Japan Sales Division and Manager of Business Strategy Department, the Company June 2019 Director, General Manager of Sales Headquarters, Manager of Western Japan Sales Division and Manager of Business Strategy Department, the Company June 2020 Executive Director, General Manager of Sales Headquarters, Manager of Western Japan Sales Division and Manager of Business Strategy Department, the Company (current position)	13,800 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>Hiroyuki Yada has extensive experience particularly engaging in sales and logistics operations since joining the Company in 1985.</p> <p>The Company has renominated him as a Director candidate, given that he performs his professional duties serving as General Manager of Sales Headquarters and having deemed that he is an individual who helps the Company sustainably increase its corporate value.</p>			

No	Name (Date of birth)	Past experience, positions and responsibilities [significant concurrent positions]	Number of shares of the Company held
4	<u>Reappointment</u> Noboru Hamano (June 12, 1970)	Apr. 1993    Joined the Company Mar. 1999    Manager of Kitakanto Office, the Company Aug. 2000    Manager of Kanagawa Office, the Company Apr. 2003    Manager of Keiji Office, the Company Sep. 2012    Manager of Sanyo Office, the Company Apr. 2017    Manager of Kansai Branch, the Company June 2018    Executive Officer, Manager of Structural Steel Sales Division and Manager of Kansai Branch, the Company Apr. 2020    Executive Officer, Manager of Structural Steel Sales Division, the Company June 2020    Director, Manager of Structural Steel Sales Division, the Company (current position)	       9,400 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>Noboru Hamano has extensive experience particularly engaging in sales operations since joining the Company in 1993.</p> <p>The Company has renominated him as a Director candidate, given that he performs his professional duties serving as Manager of Structural Steel Sales Division and having deemed that he is an individual who helps the Company sustainably increase its corporate value.</p>			

No.	Name (Date of birth)	Past experience, positions and responsibilities [significant concurrent positions]	Number of shares of the Company held
5	<p data-bbox="215 846 446 965"> <u>Reappointment</u>            Yoichi Hyakuda            (September 10, 1957)         </p>	<p data-bbox="462 259 1340 349">Oct. 1995 Manager of Kokura Steel Works rolling Division Blooming Factory, Sumitomo Metal Industrial, Ltd. (current NIPPON STEEL CORPORATION)</p> <p data-bbox="462 371 1340 439">June 1999 Manager of Kokura Steel Works rolling Division Wire Rod Factory, Sumitomo Metal Industrial, Ltd.</p> <p data-bbox="462 461 1340 528">June 2002 Manager of Technical Service Department Product Engineering Division, Sumitomo Metals (Kokura), Ltd.</p> <p data-bbox="462 551 1340 618">July 2005 Manager of Manufacturing Division, Sumitomo Metals (Kokura), Ltd.</p> <p data-bbox="462 640 1340 707">July 2007 Manager of Quality Management Division, Sumitomo Metals (Kokura), Ltd.</p> <p data-bbox="462 730 1340 752">Jan. 2009 Customer Engineering Division, Sumitomo Metals (Kokura), Ltd.</p> <p data-bbox="462 775 1340 864">Oct. 2012 Manager of Kokura Steel Works Manufacturing Division, NIPPON STEEL &amp; SUMITOMO METAL CORPORATION (current NIPPON STEEL CORPORATION)</p> <p data-bbox="462 887 1340 954">July 2013 Manager of Kokura Steel Works Engineering Division, NIPPON STEEL &amp; SUMITOMO METAL CORPORATION</p> <p data-bbox="462 976 1340 1043">Apr. 2014 Manager of Technical Quality Control Division, SANYU CO., LTD.</p> <p data-bbox="462 1066 1340 1133">June 2015 Director, Manager of Technical Quality Control Division, SANYU CO., LTD.</p> <p data-bbox="462 1155 1340 1223">June 2016 Executive Officer, Manager of Technical Quality Control Division, SANYU CO., LTD.</p> <p data-bbox="462 1245 1340 1312">July 2018 Joined the Company Advisor of Manufacturing Headquarters, the Company</p> <p data-bbox="462 1335 1340 1357">Jan. 2019 Manager of Kyusyu Factory, the Company</p> <p data-bbox="462 1379 1340 1447">June 2019 Director, General Manager of Manufacturing Headquarters and Manager of Kyusyu Factory, the Company</p> <p data-bbox="462 1469 1340 1536">June 2020 Executive Director, General Manager of Manufacturing Headquarters and Manager of Kyusyu Factory, the Company (current position)</p>	1,100 shares
<p data-bbox="215 1592 798 1626">[Reasons for nomination as candidate for Director]</p> <p data-bbox="215 1637 1508 1783">Yoichi Hyakuda has gained experience with respect to the professional duties listed above at Sumitomo Metal Industrial, Ltd. (current NIPPON STEEL CORPORATION). Since joining the Company in July 2018, he has gained extensive experience particularly in factory management, which has included engaging in production streamlining and quality assurance in manufacturing operations.</p> <p data-bbox="215 1794 1508 1906">The Company has renominated him as a Director candidate, given that he performs his professional duties serving as General Manager of Manufacturing Headquarters and having deemed that he is an individual who helps the Company sustainably increase its corporate value.</p>			

No.	Name (Date of birth)	Past experience, positions and responsibilities [significant concurrent positions]	Number of shares of the Company held
6	<u>Reappointment</u> Kazuyuki Asakawa (December 24, 1967)	Apr. 1990 Joined the Company July 2004 Manager of Takamatsu Office, the Company June 2011 Manager of Osaka Branch, the Company Oct. 2017 Manager of Tokyo Branch, the Company June 2018 Executive Officer, Manager of Eastern Japan Sales Division and Manager of Tokyo Branch, the Company June 2019 Director, Manager of Eastern Japan Sales Division and Manager of Tokyo Branch, the Company (current position)	8,700 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>Kazuyuki Asakawa has extensive experience particularly engaging in sales operations since joining the Company in 1990.</p> <p>The Company has renominated him as a Director candidate, given that he performs his professional duties serving as Manager of Eastern Japan Sales Division and having deemed that he is an individual who helps the Company sustainably increase its corporate value.</p>			

No.	Name (Date of birth)	Past experience, positions and responsibilities [significant concurrent positions]	Number of shares of the Company held
7	<p data-bbox="220 584 443 707"><u>Reappointment</u> Tomoyuki Ejiri (August 30, 1965)</p>	<p data-bbox="466 259 1337 869"> Apr. 1988    Joined the Company  Oct. 1998    Manager of Shizuoka Office, the Company  Jan. 2002    Manager of Kanazawa Office, the Company  Oct. 2007    Manager of Fukuoka Branch, the Company  Apr. 2013    Manager of Delivery Division, the Company  June 2015    Manager of International Division, the Company  June 2016    Executive Officer, Manager of International Division, the Company  June 2019    Director, Manager of International Division, the Company  Feb. 2020    Director, the Company (current position)  Representative Director and Chairman, TOKAI STEP CO., LTD. (current position)  Apr. 2021    President and Representative Director, Nippon Scaffolding Holdings Co., Ltd. (current position) </p> <p data-bbox="466 913 1337 1010"> [Significant concurrent positions]  President and Representative Director, Nippon Scaffolding Holdings Co., Ltd.  Representative Director and Chairman, TOKAI STEP CO., LTD. </p>	9,800 shares
<p data-bbox="220 1066 798 1093">[Reasons for nomination as candidate for Director]</p> <p data-bbox="220 1104 1509 1171">Tomoyuki Ejiri has extensive experience particularly engaging in sales, logistics, and international operations, and subsidiary management since joining the Company in 1988.</p> <p data-bbox="220 1182 1509 1294">The Company has renominated him as a Director candidate, given that he performs his professional duties serving as Representative Director of subsidiaries and having deemed that he is an individual who helps the Company sustainably increase its corporate value.</p>			

No.	Name (Date of birth)	Past experience, positions and responsibilities [significant concurrent positions]	Number of shares of the Company held
8	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Outside</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Independent</div> <p>Michiko Kanai (June 16, 1955)</p>	<p>Apr. 1990 Register Lawyer Joined OH-EBASHI LAW OFFICES (current OH-EBASHI LPC &amp; PARTNERS)</p> <p>Apr. 1998 OH-EBASHI LAW OFFICES partner</p> <p>Aug. 2002 OH-EBASHI LPC &amp; PARTNERS partner (current position)</p> <p>June 2007 Outside Audit &amp; Supervisory Board Member, USJ Co., Ltd. (current USJ LLC.)</p> <p>June 2015 Outside Director, the Company (current position)</p> <p>June 2015 Outside Audit &amp; Supervisory Board Member, SANKYO SEIKO CO., Ltd. (current position)</p> <p>June 2016 Outside Director, IDEC CORPORATION</p> <p>June 2018 Outside Director (Audit &amp; Supervisory Committee member), IDEC CORPORATION (current position)</p> <p>June 2020 Outside Director, AS ONE CORPORATION (current position)</p> <p>[Significant concurrent positions] Lawyer (OH-EBASHI LPC &amp; PARTNERS partner) Outside Audit &amp; Supervisory Board Member, SANKYO SEIKO CO., Ltd. Outside Director (Audit &amp; Supervisory Committee member), IDEC CORPORATION Outside Director, AS ONE CORPORATION</p>	3,400 shares
<p>[Reasons for nomination as candidate for Outside Director and overview of role expectations]</p> <p>Michiko Kanai is qualified when it comes to independence in furnishing management oversight and providing advice from an objective standpoint taking into account the corporate world as a whole including laws and regulations, drawing on her experience and insight as an attorney at law who is well-versed in fields that include M&amp;A as well as cross-border transactions and intellectual property rights.</p> <p>The Company has renominated her as an Outside Director candidate upon having accordingly deemed that her involvement will lead to improved transparency and reinforcement of the supervisory function with respect to the Board of Directors.</p> <p>Although she has not been involved in corporate management except as an outside executive, the Company deems her capable of appropriately executing her professional duties as an Outside Director for the aforementioned reasons.</p> <p>Moreover, the Company intends to enlist her involvement from a standpoint of objectivity and neutrality serving as a member of the Nomination and Compensation Committee, with respect to nominating the Company's executive candidates as well as determining executive remuneration and other such matters, subject to her appointment.</p>			

No.	Name (Date of birth)	Past experience, positions and responsibilities [significant concurrent positions]	Number of shares of the Company held
9	New Appointment Outside Independent Takashi Maruyama (June 23, 1948)	June 2004 Representative Director and President, Shima Spain Village Co., Ltd. Mar. 2006 Director and President, Kintetsu Leisure Service Co., Ltd. June 2007 Managing Director, Kintetsu Railway Co., Ltd. Apr. 2011 Representative Director and President, Kin-Ei Corp. June 2017 CEO, KNT-CT Holdings Co., Ltd. June 2019 Representative Director and Chairman, KNT-CT Holdings Co., Ltd.	—
	[Reasons for nomination as candidate for Outside Director and overview of role expectations] Takashi Maruyama has extensive experience related to corporate management particularly engaging in corporate management for the Kintetsu Group, and the Company has newly nominated him as an Outside Director candidate upon having accordingly deemed that his useful advice and recommendations regarding the management of the Company will lead to increase the Company's corporate value. Moreover, the Company intends to enlist his involvement from a standpoint of objectivity and neutrality serving as a member of the Nomination and Compensation Committee, with respect to nominating the Company's executive candidates as well as determining executive remuneration and other such matters, subject to his appointment.		

(Notes)

- There are no special interests between each candidate and the Company.
- The Company has submitted to the Tokyo Stock Exchange an Independent Directors/Auditors Notification listing Outside Director candidate Michiko Kanai as an independent executive.  
The Company also intends to submit to the Tokyo Stock Exchange an Independent Directors/Auditors Notification listing Outside Director candidate Takashi Maruyama as an independent executive.
- Number of years since having assumed the post of Outside Director of the Company (as of the conclusion of this General Meeting of Shareholders)  
Michiko Kanai 6 years
- The Company and Michiko Kanai have entered into a limited liability agreement effectively stating that her liability shall be limited to an amount stipulated by law regarding liability for damages pursuant to Article 423, Paragraph 1 of the Companies Act. The limited liability agreement is to remain in effect, subject to approval of her reappointment.  
The Company intends to entered into a limited liability agreement with Takashi Maruyama subject to approval of his appointment. The agreement effectively states that his liability shall be limited to an amount stipulated by law regarding liability for damages pursuant to Article 423, Paragraph 1 of the Companies Act.
- The Company has entered into a liability insurance policy for directors and officers with an insurance company pursuant to Article 430-3, Paragraph 1 of the Companies Act. Content of the insurance policy is as described in the Business Report (see page 18). Any Director candidate whose appointment gains approval is to be listed as an insured party under the insurance policy.  
Moreover, the Company intends to leave the content of the insurance policy unchanged upon its next renewal.

## Election of One (1) Director Who Is an Audit & Supervisory Committee Member

The Company proposes the election of one (1) Director who is an Audit & Supervisory Committee Member with the aim adding one more Director who is an Audit & Supervisory Committee Member, in order to reinforce its audit systems.

The Company has gained prior consent of the Audit & Supervisory Committee for the submission of this proposal.

The candidate for Director who is an Audit & Supervisory Committee Member is as follows:

Name (Date of birth)	Past experience, positions and responsibilities [significant concurrent positions]	Number of shares of the Company held
<div style="border: 1px solid black; padding: 2px;">New Appointment</div> <div style="border: 1px solid black; padding: 2px;">Outside</div> <div style="border: 1px solid black; padding: 2px;">Independent</div> Minako Yamaoka (April 7, 1959)	Jan. 1998 General Manager of Product Planning and Development Department, Cosmetics Business Department, FANCL CORPORATION	—
	May 2004 General Manager of Mail Order Department, Sales Division, FANCL CORPORATION	
	Apr. 2007 Executive Officer, and General Manager of Sales Planning Division, FANCL CORPORATION	
	Nov. 2007 Executive Officer and Director, and President of Cosmetics Company, FANCL CORPORATION	
	May 2010 Executive Officer and Director, and General Manager of Business Development Promotion Division and General Manager of New Business Development Department, FANCL CORPORATION	
	Mar. 2013 Senior Managing Director, and President of Cosmetics Company, FANCL CORPORATION	
	Apr. 2014 Senior Managing Director, FANCL CORPORATION President and Representative Director, FANCL COSMETICS CORPORATION	
	Apr. 2017 Senior Managing Director in charge of New Business Format Development, FANCL CORPORATION	
	July 2018 Adviser, FANCL CORPORATION	
	May 2020 Director in charge of CMM Business, Ands Corporation (current position)	
Mar. 2021 Outside Director, NICCA CHEMICAL CO., LTD. (current position)		
[Significant concurrent positions] Director in charge of CMM Business, Ands Corporation Outside Director, NICCA CHEMICAL CO., LTD.		

### [Reasons for nomination as candidate for Outside Director and overview of role expectations]

Minako Yamaoka has extensive experience related to corporate management including experience regarding the professional duties listed above at FANCL CORPORATION. The Company has newly nominated her as a candidate for Outside Director who is an Audit & Supervisory Committee Member given expectations that she will be capable of performing the role of Outside Director who is an Audit & Supervisory Committee Member by providing advice and oversight based on experience that she has accumulated throughout her career.

### (Notes)

- There are no special interests between candidate and the Company
- The Company also intends to submit to the Tokyo Stock Exchange an Independent Directors/Auditors Notification listing Outside Director candidate Minako Yamaoka as an independent executive.
- The Company intends to entered into a limited liability agreement with Minako Yamaoka subject to approval of her appointment as an Outside Director who is an Audit & Supervisory Committee Member. The agreement effectively states that her liability shall be limited to an amount stipulated by law regarding liability for damages pursuant to Article 423, Paragraph 1 of the Companies Act.
- The Company has entered into a liability insurance policy for directors and officers with an insurance company pursuant to Article 430-3, Paragraph 1 of the Companies Act. Content of the insurance policy is as described in the Business Report (see page 18).Minako Yamaoka is to be listed as an insured party under the insurance policy upon having gained appointment as a Director who is an Audit & Supervisory Committee Member. Moreover, the Company intends to leave the content of the insurance policy unchanged upon its next renewal.

**(Reference) Skills Matrix for the Board of Directors and the Audit & Supervisory Committee**

	Candidate No	Name	Managerial experience	Sales & Marketing	Manufacturing & Procurement	Finance & Accounting	Legal affairs & Risk management
the Board of Directors							
	1	Katsuhiko Kondo		○	○	○	
	2	Tomoya Ando			○		○
	3	Hiroyuki Yada		○	○		
	4	Noboru Hamano		○			
	5	Yoichi Hyakuda			○		
	6	Kazuyuki Asakawa		○			
	7	Tomoyuki Ejiri		○	○	○	
	8	Michiko Kanai	Outside				○
	9	Takashi Maruyama	Outside	○	○		
the Audit & Supervisory Committee							
	—	Norio Nishida				○	
	—	Kana Yasuda	Outside			○	
	—	Taku Tokuda	Outside				○
	—	Minako Yamaoka	Outside	○	○		

Note: The list above includes incumbent Directors who are Audit & Supervisory Committee Members, excluding Director who is an Audit & Supervisory Committee Member candidate.

**Determination of Remuneration for Granting Restricted Shares to Directors (Excluding Directors Who Are Audit & Supervisory Committee Members and Outside Directors)**

At the 68th Annual General Meeting of Shareholders held on June 24, 2020, the total amount of remuneration for Directors of the Company (excluding Directors who are Audit & Supervisory Committee Members) was set at ¥300 million or less per year (of which ¥20 million or less per year for Outside Directors; however, the portion of employee salaries of Directors who concurrently serve as employees is not included). Furthermore, separately from the amount of remuneration for Directors mentioned above, the total number of points as remuneration amount was set at 44,100 points (equivalent to 44,100 of common shares of the Company) or less per year through Board Benefit Trust as a performance-linked and share-based remuneration plan for Directors of the Company (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors; hereinafter collectively referred to as the “Eligible Directors”) at the 68th Annual General Meeting of Shareholders held on June 24, 2020.

Now, in order to further promote sharing value with shareholders and enhancing motivation further to contribute to the increase of the Company’s corporate value, in place of the above-mentioned Board Benefit Trust that was introduced previously, the Company requests approval for the introduction of a restricted share-based remuneration plan (hereinafter, the “Plan”; the common shares of the Company granted to Eligible Directors in accordance with the Plan will hereinafter be referred to as the “Restricted Shares”), and for the payment of new remuneration for the granting of Restricted Shares which is separate from the remuneration amount of ¥300 million or less per year for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members; of which ¥20 million per year for Outside Directors) mentioned above.

There are currently eight (8) Eligible Directors, and if Proposal No. 3 is approved and adopted as proposed, the number of Eligible Directors will be seven (7).

The details of the Restricted Shares to be granted to Eligible Directors are as follows:

**1. Number of the Restricted Shares to be granted to Eligible Directors****(1) Other than the portion for transition management measures (as defined below; hereinafter the same)**

Restricted Shares other than the portion for transition management measures are composed of the portion granted in accordance with the position of each Eligible Director and the portion granted after taking into consideration the performance of the Company in the previous fiscal year. The maximum number of common shares of the Company to be issued or disposed of in order to grant Restricted Shares shall be 73,800 shares per year, and the total monetary remuneration amount to be paid in order to grant Restricted Shares shall be ¥120 million or less per year (however, this does not include the portion of employee salaries of Directors who serve concurrently as employees).

However, if a share split (including the allotment of common shares of the Company without consideration) or a reverse share split of common shares of the Company takes place with an effective date on or after the resolution date at the General Meeting of Shareholders, the total number of common shares of the Company mentioned above will be adjusted to a reasonable extent as necessary on or after the effective date.

**(2) Portion for transition management measures**

The Company plans to abolish the provision for remuneration through Board Benefit Trust mentioned above, and not carry out the new granting of points for Board Benefit Trust in accordance with the provision for

remuneration, on the condition that this proposal receives approval at the General Meeting of Shareholders. Furthermore, of the points granted in accordance with this provision for remuneration related to Board Benefit Trust mentioned above, the Company plans for Eligible Directors to relinquish all points that have not been delivered as shares, on the condition that this proposal receives approval at the General Meeting of Shareholders. Similarly, of the share acquisition rights as stock options allotted as remuneration to Eligible Directors from the 62nd fiscal year to the 65th fiscal year, the Company plans for Eligible Directors to relinquish all share acquisition rights that have not been exercised, on the condition that this proposal receives approval at the General Meeting of Shareholders.

Therefore, only for the 70th fiscal year (April 1st, 2021 to March 31st, 2022), in place of the current Board Benefit Trust and share acquisition rights as stock options, the Company sets the total number of shares (105,400 shares), which is calculated by adding the number of common shares of the Company equivalent to the points that have been granted by Board Benefit Trust (67,900 shares) and common shares of the Company that are the subject of share acquisition rights as stock options (37,500 shares), as the maximum amount as a transition management measure (hereinafter, the “Transition Management Measures”) pertaining to the allotment of Restricted Shares, which is separate from the amount of remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members) that was approved at the 68th Annual General Meeting of Shareholders held on June 24, 2020 and the remuneration in (1) above, and separately sets the total amount of monetary remuneration for payment for the granting of Restricted Shares in relation to the Transition Management Measures at ¥180 million or less per year (however, this does not include the portion of employee salaries of Directors who serve concurrently as employees).

However, if a share split (including the allotment of common shares of the Company without consideration) or a reverse share split of common shares of the Company takes place with an effective date on or after the resolution date at the General Meeting of Shareholders, the total number of common shares of the Company mentioned above will be adjusted to a reasonable extent as necessary on or after the effective date.

Furthermore, Eligible Director's relinquishing all points that have not been delivered as shares out of those points granted to the Eligible Director in accordance with the provision for remuneration related to Board Benefit Trust mentioned above, and all share acquisition rights that have not been exercised out of those share acquisition rights as stock options allotted as remuneration to the Eligible Director from the 62nd fiscal year to the 65th fiscal year is a condition for the allotment of Restricted Shares pertaining to Transition Management Measures to the Eligible Director.

Thus, the allotment of Restricted Shares pertaining to Transition Management Measures follows the relinquishing of points pertaining to Board Benefit Trust mentioned above that were granted to Eligible Director and share acquisition rights as stock options allotted to Eligible Directors in previous fiscal years.

## **2. Matters concerning payment associated with the issuance of Restricted Shares**

Eligible Directors will pay all monetary remuneration claims arising from this proposal to the Company as property contributed in kind, in accordance with the resolution of the Board of Directors of the Company and shall, in return, acquire newly-issued or disposed of Restricted Shares. The amount to be paid in per Restricted Share shall be determined by the Board of Directors based on the closing price of the common shares on the Tokyo Stock Exchange on the business day immediately before each date of resolution by the Board of Directors (if there is no closing price on such date, the closing price on the closest preceding trading day) and as an amount within the extent that it will not be particularly advantageous to Eligible Directors who subscribe to the Restricted Shares.

Furthermore, the specific timing and allocation to each Eligible Director, while taking consideration the deliberations and opinions of the Nomination and Compensation Committee, shall be determined by the Board of Directors.

### **3. Matters concerning Restricted Shares to be granted to Eligible Directors**

The Company will conclude an agreement on the allotment of Restricted Shares (hereinafter, the “Allotment Agreement”), which includes the following details, with each Eligible Director when issuing or disposing Restricted Shares to the Eligible Directors.

#### **(1) Transfer restriction period**

Eligible Directors shall not transfer, create a security interest on, make an inter vivos gift or otherwise dispose of (hereinafter, the “Transfer Restrictions”) the Restricted Shares allotted under the Allotment Agreement (hereinafter, the “Allotted Shares”) during a period of time from the payment date for Restricted Shares to the date of retirement or resignation from the Company (hereinafter, the “Transfer Restriction Period”).

#### **(2) Handling of Eligible Director who retires during its term of office**

In the event that a Eligible Director retires or resigns from office as Director, Corporate Executive Officer, Executive Officer or employee at the Company or a subsidiary of the Company before the expiration of the planned service provision period specified by the Board of Directors of the Company (hereinafter, the “Planned Service Provision Period”), the Company shall automatically acquire the Allotted Shares without payment, unless there is a reason that the Board of Directors deems justifiable.

#### **(3) Conditions to lift Transfer Restrictions**

The Company shall lift the Transfer Restrictions of all Allotted Shares upon expiration of the Transfer Restriction Period, on the condition that the Eligible Director has remained in the position of Director, Corporate Executive Officer, Executive Officer or employee of the Company or a subsidiary of the Company throughout the Planned Service Provision Period. However, if the Eligible Director retires or resigns from the position specified in the provision of (2) above before the expiration of the Planned Service Provision Period due to a reason the Board of Directors of the Company deems justifiable, which is specified in the provision of (2) above, the Company shall rationally adjust the number of the Allotted Shares on which the Transfer Restrictions are to be lifted, and the timing of lifting as needed.

#### **(4) Acquisition of remaining shares without payment**

Pursuant to the provision in (3) above, at the time of expiration of the Transfer Restriction Period, the Company shall acquire the Allotted Shares for which the Transfer Restrictions have not been lifted, automatically without payment.

#### **(5) Treatment at the time of reorganization**

Notwithstanding the provisions of (1) above, if, during the Transfer Restriction Period, matters relating to a merger agreement in which the Company is the disappearing company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the Company’s General Meeting of Shareholders (or in the case where the approval at the Company’s General Meeting of Shareholders is not required in relation to the reorganization, etc. in question, the Company’s

Board of Directors), the Company shall lift the Transfer Restrictions on the Allotted Shares in the number that is reasonably determined based on the length of the period from the date of commencement of the Planned Service Provision Period to the date of approval for the reorganization, etc., by resolution of the Company's Board of Directors prior to the effective date of the said reorganization, etc. In such an event, the Company shall automatically acquire without payment the Allotted Shares whose Transfer Restrictions have not been lifted as of the time immediately after said Transfer Restrictions are lifted.

#### **(6) Others**

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

During the Transfer Restriction Period, the Allotted Shares shall be managed under dedicated accounts that Eligible Directors will open with a securities company stipulated by the Company to ensure Eligible Directors do not transfer, create a security interest on, make an inter vivos gift or otherwise dispose of Restricted Shares during the Transfer Restriction Period.

#### **4. Reasons that the details of this proposal are appropriate**

The Company will grant Restricted Shares to Directors with the aim of further promoting sharing value with shareholders and giving an incentive for Eligible Directors to sustainably increase corporate value.

At the Board of Directors held on February 9, 2021, the Company established the policy on decisions pertaining to details on individual remuneration for Directors. The summary is as described in the Business Report (see page 16 to 18). The Company plans to make formal amendments to this policy in line with the content of this proposal, and will not make any other amendments to this policy. This proposal is necessary and appropriate for granting individual remuneration for Directors using details that follow this policy and this proposal has been deemed as appropriate because the amount evaluated at fair value at the time of the decision by the Board of Directors pertaining to the allotment of the Restricted Shares is within the maximum annual scope stated in 1. above, and because the percentage of the number of Restricted Shares issued for the portion for Transition Management Measures and those issued other than the portion for Transition Management Measures (excluding the number of treasury shares held) to the total number of shares issued will be 0.68% (the percentage of the number of Restricted Shares issued for the portion for Transition Management Measures and that of the number of Restricted Shares issued other than the portion for Transition Management Measures, in the event that the maximum number of Restricted Shares are issued over a period of 10 years, to the total number of shares issued will be 3.21%) and its dilution ratio will be immaterial.

#### **<Reference>**

If this proposal is approved and adopted, the Company plans to allot Restricted Shares to Executive Officers of the Company as well in a manner generally in line with the above.