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(Stock Exchange Code 2812)

June 8, 2023

(Electronic provision measures commencement date: June 1, 2023)

To Shareholders with Voting Rights:

Jun Yamada
President and Representative Director
YAIZU SUISANKAGAKU
INDUSTRY CO., LTD.
5-8-13 Kogawashinmachi, Yaizu City,
Shizuoka

**NOTICE OF
THE 64TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

We are pleased to notify you that the 64th Annual General Meeting of Shareholders of YAIZU SUISANKAGAKU INDUSTRY CO., LTD. (the “Company”) will be held for the purposes as described below.

In convening this meeting, the Company electronically provides information contained in the reference documents for the general meeting of shareholders and posts matters to be provided electronically (Electronic Provision Measures Matters) are posted on the website below as “Notice of the 64th General Meeting of shareholders.”

The Company’s website: https://www.yskf.jp/yskf_en/ir/general_meetings_of_shareholders.html

Electronic Provision Measures Matters are available for your review at the following website, in addition to the Company’s website.

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

Please access Listed Company Search, enter the Company’s name or stock exchange code (2812), press “Search” button, and select “Basic information” and then “Documents for public inspection/PR information” in this order to review the information.

We would like to ask you to make a careful decision as to whether to attend the meeting in person, after taking into consideration your physical condition and other factors. You can exercise your voting rights in advance by mailing the enclosed Voting Rights Exercise Form or via the internet, etc. Please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by 5:30 p.m. on Thursday, June 22, 2023, Japan time.

1. Date and Time: Friday, June 23, 2023 at 10:00 a.m. Japan time (doors open 9:30 a.m.)

2. Place: Small Hall on the first floor of Yaizu Cultural Center located at
1550 Sangamyou, Yaizu City, Shizuoka, Japan

3. Meeting Agenda:

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company's 64th Fiscal Year (April 1, 2022 - March 31, 2023), and results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company's 64th Fiscal Year (April 1, 2022 - March 31, 2023)

Proposals to be resolved:

<Company proposals (Proposals 1 and 2)>

Proposal 1: Election of 5 Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

Proposal 2: Election of 3 Directors Serving as Audit and Supervisory Committee Members

<Shareholder proposals (Proposals 3 to 8)>

Proposal 3: Appropriation of surplus funds

Proposal 4: Reversal of separate reserves

Proposal 5: Director (excluding director who is a member of the Audit and Supervisory Committee) Election of one (1) director

Proposal 6: Partial amendment to the Articles of Association for the appropriation of surplus funds

Proposal 7: Partial amendment to the Articles of Association on climate change risk response

Proposal 8: Request the abolition of the policy on large-scale purchases of the Company's shares (takeover defence measures)

Outline of the shareholder proposals (Proposals 3 to 8) are as stated in the attached Reference Documents for the General Meeting of Shareholders.

The Board of Directors opposes all Shareholder proposals.

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- **The Company sends paper copies containing Electronic Provision Measures Matters to all shareholders, irrespective of whether there was a request for delivery of the paper copy, specifically for this meeting.** Of the Electronic Provision Measures Matters, the items below are not included in the paper copies to be sent to shareholders, based on the stipulation in laws and regulations as well as Article 17, Paragraph 2 of the Articles of Incorporation.

- Company's Systems and Policies
- Basic Policy Regarding the Company's Control
- Consolidated Statement of Changes in Equity
- Notes to the Consolidated Financial Statements
- Statement of Changes in Equity
- Notes to the Non-consolidated Financial Statements

Accordingly, the paper copies are part of the documents audited by the Audit and Supervisory Committee and the Accounting Auditor during preparation of the Audit Reports.

- Should the Electronic Provision Measures Matters require revisions, the versions before and after the revisions will be posted on the websites where these matters were initially posted.

Reference Documents for the General Meeting of Shareholders

<Company proposals (Proposals 1 and 2)>

Proposal 1: Election of 5 Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

The terms of office of all 5 Directors (excluding Directors serving as Audit and Supervisory Committee Members; the same applies hereinafter within this Proposal) will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the election of 5 Directors is proposed. Furthermore, the Audit and Supervisory Committee has provided its opinion that all candidates for Director are appropriately qualified.

The candidates for Director are as follows:

No.	Name	Positions and responsibilities at the Company	Category	Attendance at the Board of Directors' meetings
1	Jun Yamada	President and Representative Director	Reappointment	16/16
2	Takehiko Uchiyama	Director and Senior Executive Officer, Chief General Manager of Sales Headquarters	Reappointment	16/16
3	Hiroaki Ohashi	Director and Executive Officer, Chief General Manager of Overseas Business Headquarters	Reappointment	16/16
4	Katsuhiro Tatara	Director and Executive Officer, Chief General Manager of Production Headquarters	Reappointment	16/16
5	Kenji Mori	Director	Reappointment Outside Independent	13/13

(Note) Attendance at the Board of Directors' meetings for Mr. Kenji Mori represents his attendance after his assumption of office on June 23, 2022.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
1	<p>Jun Yamada (July 9, 1976) Age: 46</p> <p><u>Reappointment</u></p> <p>Attendance at the Board of Directors' meetings: 16/16</p>	<p>April 2001 July 2011</p> <p>April 2014</p> <p>June 2014</p> <p>June 2014</p> <p>June 2015</p> <p>June 2015</p> <p>April 2016</p>	<p>Joined the Company Manager of Seasonings Development Division, Products Development Center</p> <p>General Manager of Development Center, Development Headquarters</p> <p>Executive Officer and Chief General Manager of Development Headquarters, General Manager of Development Center</p> <p>Director of UMI Wellness Co., Ltd.</p> <p>Director and Executive Officer, Chief General Manager of Business Administration Headquarters, General Manager of Corporate Planning Division</p> <p>Corporate Auditor of Marumi Foods Co., Ltd. and Corporate Auditor of UMI Wellness Co., Ltd.</p> <p>President and Representative Director (current position)</p>	15,000
<p>Reasons for selection as a candidate for Director</p> <p>Mr. Jun Yamada has been involved in the research and development sections of both of natural seasonings and functional materials for many years, and has a wealth of experience and achievements regarding development for marine materials and the production technology which are the Company's strength, such as developing a process patent for highly distinctive seasonings. As Representative Director, he has taken responsibility for the management of the Group since 2016, and has strongly demonstrated management leadership with not only his broad insight and expertise but also his outstanding ability to take action. The Company has judged that he can strive to achieve the medium-term management plan and supervise the Group companies, and has selected him as a candidate for Director.</p>				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
2	Takehiko Uchiyama (March 8, 1962) Age: 61 <u>Reappointment</u> Attendance at the Board of Directors' meetings: 16/16	<p>April 1984 Joined the Company</p> <p>July 2000 Manager of Administrative Section, Administrative Division, Production Headquarters</p> <p>July 2004 Acting General Manager of Manufacturing Division, Development and Production Headquarters</p> <p>July 2005 General Manager of Corporate Planning Division, Business Administration Headquarters</p> <p>August 2010 General Manager of Purchasing Division, Production Headquarters</p> <p>March 2012 Factory Manager of Daito Factory, Manufacturing Division, Production Headquarters</p> <p>November 2012 Chief General Manager of Production Headquarters</p> <p>June 2013 Director and Chief General Manager of Production Headquarters</p> <p>June 2014 Executive Officer and General Manager of Accounting Division, Business Administration Headquarters</p> <p>September 2014 Executive Officer and Deputy Chief General Manager of Business Administration Headquarters</p> <p>September 2014 Director of Dalian YSK Bio-Technology Co., Ltd.</p> <p>April 2016 Executive Officer and Chief General Manager of Business Administration Headquarters</p> <p>April 2016 Corporate Auditor of Marumi Foods Co., Ltd. and Corporate Auditor of UMI Wellness Co., Ltd.</p> <p>June 2016 Director and Executive Officer, Chief General Manager of Business Administration Headquarters</p> <p>October 2018 Director and Executive Officer, Chief General Manager of Development Headquarters</p> <p>October 2018 Director of UMI Wellness Co., Ltd. (current position)</p> <p>December 2019 Director and Executive Officer, Chief General Manager of Quality Assurance Headquarters</p> <p>June 2021 Director and Executive Officer, Chief General Manager of Business Administration Headquarters</p> <p>June 2021 Corporate Auditor of Marumi Foods Co., Ltd. (current position)</p> <p>June 2022 Director and Senior Executive Officer, Chief General Manager of Business Administration Headquarters</p> <p>April 2023 Director and Senior Executive Officer, Chief General Manager of Sales Headquarters (current position)</p>	6,500
<p>Reasons for selection as a candidate for Director</p> <p>Mr. Takehiko Uchiyama has been involved in the production section, business administration section, research and development section, and quality assurance section, and has broad knowledge and experience on the Company's business domain. He has been addressing various management issues, including development of N-acetylglucosamine which is the Company's principal product, and promotion of FSSC22000 acquisition. The Company has judged that he can promote business operations of the Group forcefully based on these experiences, and has selected him as a candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	Hiroaki Ohashi (September 13, 1960) Age: 62 <u>Reappointment</u> Attendance at the Board of Directors' meetings: 16/16	<p>April 1984 Joined the Company</p> <p>July 2002 Manager of Products Development Section, Products Development Division, Development Headquarters</p> <p>September 2004 General Manager of Dalian YSK Bio-Technology Co., Ltd. (seconded)</p> <p>April 2008 Factory Manager of Daito Factory, Manufacturing Division, Production Headquarters</p> <p>July 2009 President and Representative Director, Marumi Foods Co., Ltd. (seconded)</p> <p>November 2010 General Manager of Manufacturing Division, Production Headquarters</p> <p>April 2011 General Manager of Products Development Center</p> <p>February 2012 Deputy Chief General Manager of Sales Headquarters</p> <p>June 2012 Director and Chief General Manager of Sales Headquarters</p> <p>April 2013 Director and Deputy Chief General Manager of Sales Headquarters, in charge of Overseas</p> <p>April 2013 Director of Dalian YSK Bio-Technology Co., Ltd.</p> <p>August 2013 Chairman of Dalian YSK Bio-Technology Co., Ltd.</p> <p>December 2013 Director and General Manager of Purchasing Division</p> <p>June 2014 Director and Executive Officer, General Manager of Purchasing Division</p> <p>September 2014 Director and Executive Officer, Chief General Manager of Sales Headquarters</p> <p>April 2015 Director and Executive Officer, Deputy Chief General Manager of Sales Headquarters</p> <p>April 2016 Director and Executive Officer, Chief General Manager of Production Headquarter</p> <p>June 2016 Executive Officer, Chief General Manager of Production Headquarter</p> <p>June 2017 Executive Officer President and Representative Director, Marumi Foods Co., Ltd. (seconded)</p> <p>April 2020 Executive Officer, Chief General Manager of Production Headquarter</p> <p>June 2020 Director and Executive Officer, Chief General Manager of Production Headquarter</p> <p>October 2021 Director and Executive Officer, Chief General Manager of Production Headquarter, Chief General Manager of Overseas Business Headquarters</p> <p>April 2023 Director and Executive Officer, Chief General Manager of Overseas Business Headquarters (current position)</p>	7,000
<p>Reasons for selection as a candidate for Director</p> <p>Mr. Hiroaki Ohashi has experience in the development, production, and sales sections. In addition, he was involved in the management of the Group companies, and has deep insight and advanced knowledge cultivated through the wealth of experience specifically in the Company's production technologies. The Company has judged that he can appropriately address various management issues, including stable supply of products based on the Company's unique technologies to overseas and development of manufacturing and sales bases overseas, and has selected him as a candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
4	Katsuhiro Tatara (May 6, 1967) Age: 56 <u>Reappointment</u> Attendance at the Board of Directors' meetings: 16/16	<p>April 1990 Joined the Company</p> <p>July 2009 Manager of Nagoya Sales Branch, West Japan Sales Division, Sales Headquarters</p> <p>April 2014 General Manager of Production Control Center, Production Headquarters</p> <p>December 2014 General Manager of Manufacturing Division, Production Headquarters</p> <p>April 2016 General Manager of Sales Administration Division, Sales Headquarters</p> <p>April 2018 Executive Officer, General Manager of East Japan Sales Division, Sales Headquarters</p> <p>October 2018 Executive Officer, Chief General Manager of Sales Headquarters</p> <p>December 2019 Executive Officer, Chief General Manager of Sales Headquarters, Chief General Manager of Overseas Business Headquarters</p> <p>June 2020 Director and Executive Officer, Chief General Manager of Sales Headquarters, Chief General Manager of Overseas Business Headquarters</p> <p>October 2021 Director and Executive Officer, Chief General Manager of Sales Headquarters</p> <p>April 2023 Director and Executive Officer, Chief General Manager of Production Headquarters (current position)</p>	1,400

Reasons for selection as a candidate for Director

Mr. Katsuhiro Tatara has been involved in the sales section for many years, and has endeavored to ensure customer trust, such as providing the Company's proprietary products, along with methods for utilizing them, in a timely and accurate manner. In addition, he has broad insight and advanced knowledge cultivated through the experience in the production and overseas sections. The Company has judged that he can appropriately address various management issues, including establishing and implementing efficient production systems based on deep understanding of the Company's sales strategy, and has selected him as a candidate for Director.

5	Kenji Mori (November 2, 1959) Age: 63 <u>Reappointment</u> <u>Outside</u> <u>Independent</u> Attendance at the Board of Directors' meetings: 13/13	<p>April 1982 Joined TOKAI DENPUN CO., LTD.</p> <p>October 2005 Executive Officer, Manager of Agricultural Products Group, TOKAI DENPUN CO., LTD</p> <p>July 2007 Executive Officer, Manager of Sales Department 1, TOKAI DENPUN CO., LTD</p> <p>October 2008 Director and Executive Officer, Manager of Sales Department 1, TOKAI DENPUN CO., LTD</p> <p>July 2010 Director and Managing Executive Officer, Manager of Sales Department 1, TOKAI DENPUN CO., LTD</p> <p>July 2015 President and the Managing Executive Officer of TOKAI DENPUN CO., LTD</p> <p>July 2021 Director and Advisor of TOKAI DENPUN CO., LTD</p> <p>October 2021 Advisor of TOKAI DENPUN CO., LTD</p> <p>June 2022 Director of the Company (current position)</p>	0
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Reasons for selection as a candidate for Outside Director and expected roles

Mr. Kenji Mori has a high degree of insight and expertise in financial accounting and internal control through his experience in corporate management as a representative director. The Company has judged that these skills are essential to the Board of Directors of the Company, and has selected him as a candidate for Outside Director. After his appointment, the Company expects him to supervise and provide advice on the Company's management from an objective standpoint as an Outside Director, independent of the management team that executes business operations.

(Notes)

1. There are no special interests between each candidate and the Company.
2. Mr. Kenji Mori is a candidate for Outside Director. He will have served as Outside Director for 1 year at the conclusion of this General Meeting of Shareholders.
3. The Company has appointed Mr. Kenji Mori as an Independent Officer (Outside Director) as stipulated by the Tokyo Stock Exchange and submitted a notification of the appointment to the same Exchange. If his appointment is approved as proposed, he is expected to remain as an Independent Officer (Outside Director).
4. Pursuant to Article 430-3, Paragraph 1 of the Companies Act, the Company has entered into a directors and officers

liability insurance contract with an insurance company, which outlines the following content. If the candidates for Directors submitted in this proposal are appointed as proposed, they will be included as the insured persons under such insurance policy. In August 2023, in the middle of their terms of office, the Company plans to renew the said insurance policy with the same terms and conditions.

[Outline of the insurance contract]

The insurance policy covers damages that may arise when the insured directors and officers assume liability for the execution of their duties or receive a claim related to the pursuit of such liability. However, there are certain exemptions, such as in case of actions taken with the knowledge that such actions are in violation of laws and regulations. The premiums are fully paid by the Company, and the insured persons do not bear the actual premiums.

Proposal 2: Election of 3 Directors Serving as Audit and Supervisory Committee Members

The terms of office of all 3 Directors Serving as Audit and Supervisory Committee Members will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the election of 3 Directors Serving as Audit and Supervisory Committee Members is proposed. Furthermore, the Audit and Supervisory Committee has provided its opinion that all candidates for Director are appropriately qualified.

The candidates for Directors Serving as Audit and Supervisory Committee Members are as follows:

No.	Name	Positions at the Company	Category	Attendance at the Board of Directors' meetings	Attendance at the Audit and Supervisory Committee meetings
1	Yoshihiro Nagasawa	-	New appointment Outside Independent	-/-	-/-
2	Hiroshi Sugiyama	Director (Audit and Supervisory Committee Member)	Reappointment	16/16	15/15
3	Keiko Koyama	Director (Audit and Supervisory Committee Member)	Reappointment Outside Independent	16/16	15/15

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
1	<p>Yoshihiro Nagasawa (November 30, 1956) Age: 66</p> <p><u>New appointment</u> <u>Outside</u> <u>Independent</u></p> <p>Attendance at the Board of Directors' meetings: -</p> <p>Attendance at the Audit and Supervisory Committee meetings: -</p>	<p>April 1980 December 1996 December 1997 June 1999 June 2002 June 2004 June 2005 January 2007 April 2010 June 2011 June 2013 June 2020 July 2022</p>	<p>Joined THE SHIZUOKA BANK, LTD. Deputy General Manager of Fujichuo Branch, THE SHIZUOKA BANK, LTD. General Manager of Shizuhata Branch, THE SHIZUOKA BANK, LTD. General Manager of Research Group, Credit Department, THE SHIZUOKA BANK, LTD. Deputy General Manager of Sales Department, Head Office, THE SHIZUOKA BANK, LTD. General Manager of Mishima Branch, THE SHIZUOKA BANK, LTD. Senior General Manager of Mishima Branch, THE SHIZUOKA BANK, LTD. Senior General Manager of Credit Department, THE SHIZUOKA BANK, LTD. Executive Officer, General Manager of Credit Department, THE SHIZUOKA BANK, LTD. Executive Officer, General Manager of Head Office, THE SHIZUOKA BANK, LTD. Director and Senior Executive Officer, THE SHIZUOKA BANK, LTD. Director, THE SHIZUOKA BANK, LTD. President and Representative Director, SHIZUGIN MANAGEMENT CONSULTING CO., LTD Advisor, the Company (current position)</p>	0
<p>Reasons for selection as a candidate for Outside Director and expected roles</p> <p>Mr. Yoshihiro Nagasawa has a wealth of knowledge and experience regarding finance, accounting, and management. Therefore, the Company has selected him as a candidate for Outside Director. After his appointment, the Company expects him to supervise the Company's management and provide advice as Outside Director from a standpoint independent of the management team that conducts business execution.</p>				
2	<p>Hiroshi Sugiyama (October 2, 1961) Age: 61</p> <p><u>Reappointment</u></p> <p>Attendance at the Board of Directors' meetings: 16/16</p> <p>Attendance at the Audit and Supervisory Committee meetings: 15/15</p>	<p>April 1984 July 2000 April 2009 April 2011 July 2011 July 2017 August 2019 June 2021</p>	<p>Joined the Company Manager of Functional Food Group, Tokyo Sales Division, Sales Headquarters General Manager of West Japan Sales Division, Sales Headquarters General Manager of Internal Audit Office President and Representative Director, Marumi Foods Co., Ltd. (seconded) Joined Shizutoku Corporation Deputy Manager of Fujinomiya Sales Office Deputy Manager of Okazaki-higashi Sales Office, Shizutoku Corporation Director (Audit and Supervisory Committee Member), the Company (current position)</p>	1,800
<p>Reasons for selection as a candidate for Director</p> <p>Mr. Hiroshi Sugiyama was engaged in the Company's sales section in the past, and has an experience of serving as Representative Director of a Group company, and thus has a wealth of knowledge regarding the Company's business and in the food industry. Therefore, the Company has judged that he can appropriately supervise and monitor business execution and has selected him as a candidate for Director serving as Audit and Supervisory Committee Member.</p>				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
3	<p>Keiko Koyama (January 17, 1969) Age: 54</p> <p>Reappointment Outside Independent</p> <p>Attendance at the Board of Directors' meetings: 16/16</p> <p>Attendance at the Audit and Supervisory Committee meetings: 15/15</p>	<p>April 1991 January 2004</p> <p>April 2006</p> <p>June 2014 June 2015</p>	<p>Joined Kirin Company, Limited Joined Takazawa Social and Labour Insurance Public Consultant Office (current Office R1 Social and Labour Insurance Public Consultant Office) Established Koyama Social and Labour Insurance Public Consultant Office Director, Koyama Social and Labour Insurance Public Consultant Office (current position) Outside Corporate Auditor of the Company Director (Audit and Supervisory Committee Member) (current position)</p>	0
<p>Reasons for selection as a candidate for Outside Director and expected roles</p> <p>Although Ms. Keiko Koyama does not have experience of being involved in corporate management other than as an outside officer, she has a wealth of knowledge and experience as a public consultant on social and labour insurance and as a career consultant. She is expected to strengthen the function of the Company's Board of Directors by providing advice and recommendations as appropriate based on her expertise. Therefore, the Company selected her as a candidate for Outside Director serving as Audit and Supervisory Committee Member. After her appointment, the Company expects her to supervise the Company's management and provide advice as Outside Director from a standpoint independent of the management team that conducts business execution.</p>				

(Notes)

1. There are no special interests between each candidate and the Company.
2. Mr. Yoshihiro Nagasawa and Ms. Keiko Koyama are candidates for Outside Directors.
3. Ms. Keiko Koyama will have served as Outside Director for 8 years at the conclusion of this General Meeting of Shareholders
4. If Mr. Yoshihiro Nagasawa is appointed as proposed, the Company will appoint him as an Independent Officer (Outside Director) as stipulated by the Tokyo Stock Exchange and submit a notification of the appointment to the same Exchange.
5. The Company has appointed Ms. Keiko Koyama as an Independent Officer (Outside Director) as stipulated by the Tokyo Stock Exchange and submitted a notification of the appointment to the same Exchange. If her appointment is approved as proposed, she is expected to remain as an Independent Officer (Outside Director).
6. The Company has entered into a directors and officers liability insurance contract, which outlines the following contents. The contract is scheduled for renewal in August 2023. Of the candidates for Directors submitted in this proposal, the candidates for reappointment are already insured under the insurance contract, and will continue to be insured after their appointment. The new candidate will be insured after his appointment.

[Outline of the insurance contract]

The insurance policy covers damages that may arise when the insured directors and officers assume liability for the execution of their duties or receive a claim related to the pursuit of such liability. However, there are certain exemptions, such as in case of actions taken with the knowledge that such actions are in violation of laws and regulations. The premiums are fully paid by the Company, and the insured persons do not bear the actual premiums.

[Reference] Skill Matrix of the Board of Directors

If Proposals 1 and 2 are approved as proposed at this General Meeting of Shareholders, the structure of the Board of Directors and expertise and experience of Directors will be as follows. The information in the “Positions and responsibilities” section will be those that would be expected if the candidates were appointed in this General Meeting of Shareholders. Additionally, the information in this table does not represent the entire knowledge and experience of the Directors.

Name	Positions and responsibilities	Expertise and experience, etc. of Directors					
		Corporate management	Financial Accounting	Risk, compliance, quality assurance	Development of human resources	Sales, Marketing	Research and development
Jun Yamada	President and Representative Director	○	○	○			○
Takehiko Uchiyama	Director and Managing Executive Officer		○	○		○	○
Hiroaki Ohashi	Director and Executive Officer					○	○
Katsuhiro Tatara	Director and Executive Officer					○	
Kenji Mori	Outside Director	○	○			○	
Yoshihiro Nagasawa	Outside Director (Audit and Supervisory Committee Member)	○	○	○			
Hiroshi Sugiyama	Director (Audit and Supervisory Committee Member)		○			○	
Keiko Koyama	Outside Director (Audit and Supervisory Committee Member)			○	○		

<Shareholder proposals (Proposals 3 to 8)>

Proposals 3 to 8 have been submitted by a shareholder with 578 voting rights. The texts of the proposals shown below are the original texts provided in the shareholder proposals, but the Company reorganized them by proposal into the titles of the proposals, details of the proposals and the reasons for the proposals.

Proposal 3: Appropriation of surplus funds

[Content]

(1) Type of dividend property

Money

(2) Matters relating to the allocation of dividend property and the total amount of such property

The DPS shall range from JPY 154 to the amount deducted by the amount proposed by the Company's Board of Directors for the appropriation of surplus approved at the 64th Annual General Meeting of Shareholders (hereinafter referred to as the "Company's Proposed Appropriation of Profit") or the amount determined by the Company's Board of Directors as the appropriation (including planned appropriation) of surplus at the end of the financial year ending 31st March 2023 by Article 33 of the Company's Articles of Association.

If the amount obtained by deducting JPY 10 from the amount of the 10% of BPS for the year ending 31st March 2023 differs from JPY 154 (if the amount includes a fraction of less than one yen, it shall be discarded), the amount shall be proxied to the 154 yen at the beginning.

The total dividend amount is multiplied by the number of shares subject to the dividend as at the record date for voting at the Company's 64th Annual General Meeting of Shareholders.

(3) The Date on which the distribution of surplus becomes effective

The day after the Date of the Company's 64th Annual General Meeting of Shareholders

This proposal is additionally proposed as independent of and compatible with the Company's Proposed Appropriation of Profit, if it is proposed to the 64th Annual General Meeting of Shareholders.

[Reasons for the proposal].

The proposal contemplates an annual dividend equal to one-tenth of BPS, i.e. Dividend on Equity ratio ("DOE")¹. The reason for deducting JPY 10 is to deduct an amount equal to the Company's interim dividend for the year ending 31st March 2023.

The Company has a distorted capital structure, adopting a capital application policy of storing profits as cash. Even though the Company's actual ROE is significantly lower than the cost of equity ("COE"), the Company has announced its ROE target below the COE. The proposing shareholder has calculated the Company's COE to be ca. 10%.

If this situation continues, the valuation of the Company's share price will likely remain at an abnormally low level. Therefore, a DOE of 10% for the Company would improve the valuation of the Company's share price. According to our calculations, even if the DOE of 10% were to continue for ten years, the Company's equity-to-assets ratio would still be more than 50%, which is still a high level.



Capital allocation policies to accumulate cash

As of end-December 2022, the Company had cash reserves amounting to JPY 8 billion². In addition, the Company's equity-to-assets ratio is unusually high at 89% as of end-December 2022.



Actual results and mid-term management plan target ROE

Actual ROEs were 3.1%, 2.6%, 1.6%, 1.3% and 3.9% for the five years from FY 2017 to FY 2021, respectively. And the target for the final year of the medium-term management plan is also significantly lower at 5%.

Although the Company executed a share buy-back programme in the year ended 31st March 2023, the share buy-back had an extremely significant impact on supply and demand for the Company's shares. Due to the low trading volume, the share price fell sharply after the announcement of the end of the share buy-back programme. Therefore, we have analysed that the share buy-back's only effect was an increase in share price volatility. Consequently, we expect the Company to refrain from share buy-backs until the valuation of the Company's share price improves and to continue to provide shareholder returns of at least 10% DOE.

¹ a shareholder return index calculated by dividing the annual DPS by the DPS

² The interest-bearing debt was only around JPY 100 million as of end-December 2022. The market capitalisation was 9.5 billion as of 10 April 2023.

The opinion of the Company's Board of Directors about Proposal 3

The Company's Board of Directors opposes Proposal 3.

The Company positions the return of profits to shareholders as one of the most important management issues. Its basic policy is to maintain continuous and stable dividends by considering a dividend payout ratio, while at the same time advancing investments in research and development, production and market cultivation in order to address needs of the times. Based on this policy, we pay dividends of surplus at the end of a second quarter and the end of a fiscal year. While giving due consideration to the enhancement of funds on hand, internal reserves are secured to meet funding demand for effective capital investment and research and development funds that are intended to maintain and improve our competitive edge.

The Company announced in May 2022 a medium-term management plan (hereinafter, the "Mid-term Plan") covering the period until the fiscal year ending March 31, 2025. As announced in the Mid-term Plan, we set "Accelerating value creation" as our management vision, and are promoting efforts with a focus on four basic strategies, namely, (1) Improve safety and security, (2) Strengthen domestic business (seasonings and functions), (3) Accelerate overseas development, and (4) Create new business fields. In order to achieve these strategies, a considerable amount of growth investment will be necessary, and therefore the Company aims to balance business investments and shareholder returns as a basic policy in its capital policy.

Specifically, during the period of the Mid-term Plan, the Company plans to allocate cash of ¥4,000 million out of a total of approximately ¥6,000 million to growth investments, including investments in new businesses such as subscription to capital of unlisted enterprises, as well as in human resources and various facilities. Meanwhile, at least ¥2,000 million is scheduled to be appropriated for shareholder returns, as a total of dividends and share buy-backs. In accordance with this policy, the Company paid out dividends totaling ¥286 million and conducted a share buy-back of ¥480 million in the fiscal year ended March 31, 2023. We do recognize holding a large amount of cash and deposits as an issue, but our intent is to secure funds necessary for growth investment, while placing emphasis on shareholder returns, going forward.

In contrast to our intention, this proposal contemplates a total amount of dividend property becoming equal to a DOE of 10%. Moreover, the proposing shareholder expects the Company to refrain from share buy-backs until the valuation of the Company's share price improves and to continue to provide shareholder returns of at least 10% DOE.

Such a proposal, however, is a one based on a short-term perspective taking no account of the need for securing funds on hand, which the Company intends to appropriate for growth investments conducive to the Company's future growth, as aspired in the Mid-term Plan, and the proposal is deemed not beneficial to increasing corporate value and common interests of shareholders.

The Company's Board of Directors therefore opposes this proposal.

Proposal 4: Reversal of separate reserves

[Content].

(1) Item and amount of surplus to be reduced

Item: Separate reserve fund

Amount: 8.4 billion yen

Suppose the proposal for reversing the separate reserve fund proposed by the Company is approved at the 64th Ordinary General Meeting of Shareholders. In that case, the amount shall be read as 8.4 billion yen less the amount of the separate reserve fund.

(2) Items and amounts of surplus to be increased

Item: retained earnings brought forward

Amount: same as a decrease in separate reserves

Suppose a proposal for the appropriation of surplus relating to the reversal of the Company's separate reserve fund is proposed to the 64th Annual General Meeting of Shareholders. In that case, this proposal is additionally proposed as independent of and compatible with that proposal.

[Reasons for the proposal].

The separate reserve of up to 8.4 billion yen recorded in the Company's non-consolidated balance sheet has no apparent use. It requires a resolution of the AGM to be reversed. Therefore, the Company can expect to adopt a flexible managerial decision by transferring the separate reserve to retained earnings brought forward in advance.

The opinion of the Company's Board of Directors about Proposal 4

The Company's Board of Directors opposes Proposal 4.

To allow for flexibility in its capital policy in the future, the Company resolved at a meeting of the Board of Directors held on May 19, 2023 to reduce separate reserve fund in its entirety, by ¥8.4 billion, and to increase retained earnings brought forward by the same amount. Accordingly, the Company believes that the objective of this proposal was satisfied by the said resolution of the Board of Directors, and that there is no separate reserve fund to be reversed.

The Company's Board of Directors therefore opposes this proposal.

Proposal 5: Director (excluding director who is a member of the Audit and Supervisory Committee)
Election of one (1) director

[Content]

Appointment of one director (the Candidate: Satoru Matsuhashi, CFA, CESGA).

Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
Satoru, MATSUHASHI (27 th July 1986) Age: 36 <div>New appointment</div> <div>Outside</div> <div>Independent</div> Attendance at the Board of Directors’ meetings: -	Apr 2009	Equity research analyst (Japanese equity) Nippon Life Insurance Company	0
	Apr 2014	Concentrated European equity fund manager/analyst NIPPON LIFE SCHRODERS ASSET MANAGEMENT EUROPE LIMITED (Seconded)	
	Apr 2018	Chief analyst (Japanese shareholder activist investment) Strategic Capital Inc.	
	Sep 2022	Founder / CEO (Japanese activist investment) Nanahoshi Management Ltd. ³	
	[Significant concurrent positions]		
	Jan 2023	Director (Shareholder Activism in Japan ON YOUR BEHALF service) Nanahoshi Management UK Ltd. ⁴	
Reasons for appointing the candidates as external directors and their expected roles Mr Satoru Matsuhashi (“the Candidate”) is a representative director of the Proposing Shareholder (“we”) and has extensive experience as a Japanese & European equity analyst and fund manager as well as a shareholder activist in the increase in shareholders’ value campaigns, management dialogue, a tender offer, and has a wealth of experience and broad insight gained through such works. The Candidate is also internationally-minded and entrepreneurial, having started his own business in London, passed several overseas ESG qualification exams, and had a strong interest in environmental and social issues. We have nominated the Candidate as a non-executive director because we are convinced that the Candidate will play a sufficient role in promoting decisive decision-making for the Company’s further growth and improving the Company’s reputation in the stock market, as well as strengthening the ESG aspects of the Company from a global perspective. The Candidate will be reported to the TSE as an independent director.			

(Note)

There are no special interests between the Candidate and the Company.

The Candidate is a candidate for external director.

If the Candidate is elected as proposed, the Company intends to notify the Tokyo Stock Exchange of the Candidate as an independent director (outside director) by its regulations.

Nanahoshi Management, Ltd. held 57,800 shares in the Company as of 31st March 2023.



The background to the proposal

On 11th January 2023, we recommended that the Candidate be nominated for the Company's proposed directorship. Then, on 16th February, the Company informed us that the Nomination and Remuneration Committee would discuss the Candidate. However, by 10th April, the Candidate received no response, such as an interview or to submit documents relating to the Candidate for deliberation. We have determined that the Company has no intention to put the Candidate on the agenda and has come up with the idea of making the appointment of the Candidate a shareholder proposal. Suppose the Candidate is appointed as a director in addition to the role mentioned at the beginning of this section. In that case, he can be expected to serve as a member of the Nomination and Remuneration Committee to improve the effectiveness of this committee, which has become a formidable body.

³ <https://nanahoshimgmt.com/>

⁴ <https://nanahoshimgmt.co.uk/>

The opinion of the Company's Board of Directors about Proposal 5

The Company's Board of Directors opposes Proposal 5.

In order to achieve its management vision of “Accelerating value creation” toward increasing its corporate value over the medium to long term, the Company formulated and has been implementing the Mid-term Plan applicable to the period until the fiscal year ending March 31, 2025.

The Company has submitted proposals for election of seven incumbent Directors (including Directors serving as Audit and Supervisory Committee Members) for reappointment and one candidate for new appointment as the Company proposals (Proposals 1 and 2) at this Annual General Meeting of Shareholders. The Company's understanding is that the current executive Directors of the Company consists of members who have formulated the said management policy along with various initiatives to achieve the said policy, and that the Company's Board of Directors is able to supervise the management of the Company appropriately with an eye toward accomplishing these initiatives. The Company therefore believes that having the Board of Directors comprising of Directors who have been proposed by the Company will be of benefit to increasing the Company's corporate value and common interests of shareholders. Accordingly, we are of the opinion that appointing the proposed candidate to the position of Director is unnecessary, even in light of his experience, knowledge, track record and other factors described in this proposal.

The Company elects and appoints Directors who are not Audit and Supervisory Committee Members after comprehensively taking into consideration such fundamentals as an ability to make accurate and prompt decision-making and an insight into thorough compliance to laws and regulations and business ethics, while also giving consideration to the balance of knowledge, experience and management ability in the Company's business as a whole. Directors serving as Audit and Supervisory Committee Members are elected and appointed upon considering the balance among an insight into internal control, finance and accounting, knowledge about the Company's business, and diverse views regarding corporate management. In our policy for ensuring diversity of Directors, it is stipulated that we shall nominate as candidates talents with diverse backgrounds, who are able to ascertain changes in society in a quick and precise manner, in addition to having the abovementioned qualities. Regarding Outside Directors, in particular, we have selected talents with management experience at other companies and those who are highly insightful in the areas of finance, personnel affairs, human resource development and compliance, thereby enhancing the Board diversity. In addition, two of the Independent Outside Directors have experienced corporate management. In this way, the Company has ensured an optimal Board composition necessary for appropriate supervision of the formulation and implementation of the Company's said management strategy, in order to increase its corporate value over the medium to long term.

The Company is willing to engage in dialogue with the Director candidate in this proposal (Founder/CEO of the proposing shareholder) going forward, as necessary, and to incorporate the contents of such dialogue into our management as needed. From such a standpoint, it is considered unnecessary to select him as a Director serving as Audit and Supervisory Committee Member.

The above content went through careful deliberation and examination by the Audit and Supervisory Committee of the Company, and in light of the decision thereof, was determined by the Board of Directors of the Company.

The Company's Board of Directors therefore opposes this proposal.

Proposal 6: Partial amendment to the Articles of Association for the appropriation of surplus funds

[Content]

Delete the following. Article 33 (Decision-making body for dividends of surplus, etc.) of the current Articles of Association: ‘The Company may determine the matters provided for in each item of Article 459(1) of the Companies Act, including dividends of surplus, by resolution of the Board of Directors, except as otherwise provided by law.’

[Reasons for the proposal]

Although it is possible to submit a resolution on year-end dividends at the AGM even under the current Articles of Association⁵. No surplus appropriation proposals were put forward for seven years from the 57th to the 63rd Annual General Meeting of Shareholders. Only the Board of Directors made decisions on the appropriation of surplus. Given that during this period, the Company’s current management has further increased the equity ratio, which was already high⁶. Therefore, The proposing Shareholder believes that the involvement of the shareholders’ will in the Company’s capital policy will lead to an increase in shareholder value.

The opinion of the Company’s Board of Directors about Proposal 6

The Company’s Board of Directors opposes Proposal 6.

The Company’s policy for shareholder returns and basic policy for cash allocation during the period of the Mid-term Plan are as stated in the opinion of the Company’s Board of Directors about Proposal 3.

The Company’s Board of Directors believes it is reasonable that the Company’s policy for shareholder returns, including specific amounts of dividends for each fiscal year, is determined by the Board of Directors, in light of the operating environment surrounding the Company and according to the Company’s management policies determined by the Board of Directors of the Company and also in line with mid- to long-term management strategies based on the foregoing. Accordingly, in order for the Company’s corporate value to be increased over a medium to long term, it is necessary to allow for agile and flexible judgements of the Board of Directors on these management decision matters, and we believe it will also be beneficial to common interests of shareholders.

To that purpose, the Company stipulates in Article 33 of its Articles of Incorporation that a decision-making organ of dividends of surplus may be determined by resolution of the Company’s Board of Directors, pursuant to Article 459, Paragraph 1 of the Companies Act.

The said Article 33 of the Articles of Incorporation stipulates a provision to the effect that dividends of surplus may be determined by resolution of the Board of Directors, in addition to the resolution of an Annual General Meeting of Shareholders, and is not intended to stipulate that dividends of surplus shall not be determined by resolution of an Annual General Meeting of Shareholders, pursuant to Article 460, Paragraph 1 of the Companies Act. Therefore, this provision has taken shareholder rights into consideration, and the Company deems it appropriate.

The Company’s Board of Directors therefore opposes this proposal.

⁵ Article 33 of the recent Articles of Association was newly established at the 56th Annual General Meeting of Shareholders

⁶ The equity-to-assets ratio increased from 76.9% to 88% in the period ending FY21. The Total Shareholders Returns of the Company were at least -40 percentage points in the period ending FY21 and -50 percentage points in the period ending FY22, respectively, compared to the TOPIX Total Return.

Proposal 7: Partial amendment to the Articles of Association on climate change risk response.

[Content]

The following new chapters and articles are added to the present Articles of Association.

Regarding the number of articles, if the proposal “Partial amendment to the Articles of Association for the appropriation of surplus funds” is not approved, Article 37 will be used instead of Article 36.

Chapter 8: Response to climate change risks

(Transition to Net Zero).

Article 36.

The Company will join the UN Race To Zero Campaign, define a transition plan to net zero and implement the transition to net zero.

[Reasons for the proposal].

On 20th March 2023, the UN Intergovernmental Panel on Climate Change published its Sixth Assessment Report - Synthesis Report. The report emphasised, “the urgency of taking more ambitious action and shows that, if we act now, we can still secure a liveable sustainable future for all”.

A situation where greenhouse gases emitted into the atmosphere and greenhouse gases removed from the atmosphere are balanced at the same amount (“net-zero”). The early transition to net-zero is an urgent global challenge. Currently, 135 countries (equivalent to 88% of greenhouse gases and 92% of GDP), including Japan, are said to be aiming for net-zero emissions.

On the other hand, as stated in the Company’s 63rd Annual Report as a business risk, “the main raw materials of natural origin used in our products may be affected by climate change, including the effects of global warming, which may cause fluctuations in the stability of their purchase prices and procurement quantities”. The Company is subject to the effects of climate change, including rising sea temperatures. However, the Company’s efforts to address climate change risks are limited to disclosing short-term targets (e.g., reducing CO2 emissions intensity by 1% year-on-year) in the annual environmental report.

As noted above, despite being self-admittedly affected by greenhouse gases, the Company does not have a plan on when and by what means the Company will move to net-zero (‘net-zero transition plan’), which must be addressed globally. The Company is concerned that it will keep its climate change risk response poorly. The Company has not identified an in addition, as the Company has chosen to list on the Standard Market in the Tokyo Stock Exchange, there is a concern that the Company will not continue to disclose its climate change risk response in the future, as it is not obliged to reveal a framework by the TCFD, which Corporate Governance Code Supplementary Principle 3-1 (iii) requires prime market listed companies to do.

And the proposing shareholder analyses that this reluctance to address the Company’s climate change risks is partly responsible for the increase in the Cost of Equity (“COE”)⁷.

Therefore, the Company’s participation in the UN Race To Zero Campaign, which requires regular reporting, and the development and implementation of a net zero transition plan based on global standards is an effective first step towards reducing the COE from the perspective of climate change risk response. We expect the Company not only to develop and implement the plan but also to voluntarily disclose the results of its analysis of transition risks and physical risks within the framework of the TCFD.

For example, you can participate in the UN Race to Zero Campaign by pledging to join the Race to Zero Circle, which consists of members of the Japan Climate Initiative.

⁷ An increase in the cost of equity will reduce the share price valuation

The opinion of the Company's Board of Directors about Proposal 7

The Company's Board of Directors opposes Proposal 7.

To achieve the Company's management vision of "Accelerating value creation," we recognize that changes in the global environment, such as global warming, are phenomena that we must be acutely aware of. The main raw materials of natural origin used in the Group's products are exposed to fluctuations in stability in terms of purchase price and volume to be sourced, due to significant changes in climate resulting from global warming and changes in a supply-demand balance. The climate change risk stemming from global warming may cause a failure to procure main raw materials of natural origin, and is a major risk to the Company as it may have a significant impact on the Company's management.

To tackle the situation, the Company, while being compliant to laws and regulations, has established an environmental management system, under which voluntary targets have been determined for energy conservation, saving resources, and recycling, and is addressing environmental issues to achieve continuous improvement. We also provide environmental education to each employee in an effort to nurture a corporate culture that respects natural environment. Under the Mid-term Plan, the Company pledged to identify material issues during the fiscal year ending March 31, 2024 and to formulate its basic policy for sustainability, and the examination is currently underway toward that end. Regarding the information disclosure mentioned by the proposing shareholder in the reasons for the proposal, the Company plans under the Mid-term Plan to enhance ESG disclosure during the fiscal year ending March 31, 2025, in addition to the Environmental Report, which the Company continues to publish on its website. The Company is thus committed to advancing its efforts to enhance information disclosure.

In this proposal, the proposing shareholder requires the Company to stipulate in its Articles of Incorporation to join the UN Race To Zero Campaign, define a transition plan to net zero and implement the transition to net zero. As mentioned above, the Company recognizes addressing climate change is a significant issue, but deciding on specific policy thereof is deemed a matter of business execution that is linked to the operating environment surrounding the Company, as well as its business strategy. In this way, stipulating in the Articles of Incorporation matters pertaining to a specific policy regarding a certain management issue, such as climate change, may limit flexible and agile judgements by the management of the Company, and is deemed not beneficial to increasing the Company's corporate value over the medium to long term.

The Company's Board of Directors therefore opposes this proposal.

Proposal 8: Request the abolition of the policy on large-scale purchases of the Company's shares (takeover defence measures)

[Content]

The Policy on Large-Scale Purchases of the Company's Shares (Takeover Defence Measures) was approved for partial amendment and maintenance at the Company's 62nd Annual General Meeting of Shareholders held on 24th June 2021 is abolished.

[Reasons for the proposal].

It is inevitable to assume that takeover defences for companies with low share price valuations are introduced to preserve their position by the management team that is turning a blind eye to their management's low stock market valuation. Otherwise, there would be no need to introduce takeover defences that rely on the concept of 'Corporate Value', which is different from the idea of 'Enterprise Value' studied in general finance theory in the first place⁸. The management would position the high valuation in the stock market as an alternative to takeover defences and seriously work on management to increase 'Shareholder Value'.

As the valuation of the share price shows, the stock market's assessment of the management is poor. The Company's management should maintain its directors' responsibility to increase shareholder value. It should adopt a policy of expanding its shareholder value and substituting the high share price valuation for the current takeover defence measures. To this end, we first request that the takeover defence measures introduced by the Company be abolished.

⁸ In Japanese, both are described the same word as “企業価値”.

The opinion of the Company's Board of Directors about Proposal 8

The Company's Board of Directors opposes Proposal 8.

The Company believes that whether or not to accept a large-scale purchase of the type that accompanies a transfer of control of the Company should ultimately be entrusted to the judgment of shareholders. Accordingly, even in the event of a large-scale purchase, the Company shall not reject it if it contributes to the ensuring and enhancement of the corporate value of the Company and the common interests of shareholders.

However, among large-scale purchases for the Company's shares, some may be expected where the sources of corporate value that have been built over many years by the Company are not understood, and for which there is a risk of harm to the corporate value of the Company or shareholders' common interests. The Company believes that, from the perspective of securing and enhancing the corporate value of the Company and shareholders' common interests, persons conducting such a large-scale purchase are not suitable as persons controlling decisions on the financial and business policies of the Company. Accordingly, if there is a risk that corporate value of the Company or shareholders' common interests will be harmed by the acquisition of shares with 20% or more of the voting rights of the Company (hereinafter, "controlling shares") by a specific person or group (hereinafter, a specific person or group that aims to acquire controlling shares is referred to as a "purchaser, etc."), the basic policy of the Company is to take appropriate measures to protect and enhance the corporate value of the Company and shareholders' common interests within the limits permitted by laws and regulations, etc. and the Articles of Incorporation of the Company, based on the view that such a purchaser, etc. is not suitable as a person controlling decisions on the financial and business policies of the Company. Our policy for responding to a large-scale purchase of the Company's shares (hereinafter, the "Plan") received approval for its partial amendment and continuation at the 62nd Annual General Meeting of Shareholders held on June 24, 2021.

As a precondition for shareholders to make an appropriate assessment, the Company believes that there must be an appropriate understanding of the corporate value of the Company and the sources of that corporate value, taking into sufficient consideration the unique business characteristics of the Company and the history of the Group. We believe that it will also be necessary for shareholders to take into consideration information provided by the Board of Directors of the Company, which sufficiently understands the unique business characteristics of the Company, the assessment and views of the Board of Directors of the Company regarding the acquisition of controlling shares by the purchaser, etc., and, in certain cases, a new proposal from the Board of Directors of the Company.

Accordingly, the Company believes that it is extremely important to secure sufficient time for shareholders to consider whether or not to accept a large-scale purchase based on necessary and sufficient information which will become available through the Plan.

In recent times, in particular, there are cases of large-scale purchases conducted in the market without adequate disclosure of information from purchasers, etc., and such coercive methods have become an issue. The Company believes that it is necessary to maintain a framework to deter such coercive purchases and to provide appropriate information and time to shareholders.

The Company's Board of Directors therefore opposes this proposal.