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Securities code: 3191
September 1, 2026
(Commencement date of measures for electronic provision: August 24, 2026)

To Shareholders with Voting Rights:

Ikuo Hirayama
President
JOYFUL HONDA CO., LTD.
1-16-2 Fujisaki, Tsuchiura, Ibaraki Prefecture

NOTICE OF THE 51st ORDINARY SHAREHOLDERS' MEETING

Dear Shareholders:

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

You are hereby notified that the 51st Ordinary Shareholders' Meeting of JOYFUL HONDA CO., LTD. (the "Company") will be held as described below.

Instead of attending the meeting in person, you may exercise your voting rights in writing or via electromagnetic means (the Internet, etc.). Please review the Reference Documents for the Shareholders' Meeting (pages 53-64) listed in the matters subject to measures for electronic provision, and the guidance on how to exercise voting rights (pages 5-6, available only in Japanese) and exercise your voting rights by 6:45 p.m. on Wednesday, September 16, 2026, Japan time.

In convening this Shareholders' Meeting, the Company has taken measures for electronic provision and posted matters subject to measures for electronic provision as the "NOTICE OF THE 51st ORDINARY SHAREHOLDERS' MEETING" and "Other Matters Subject to Measures for Electronic Provision for the 51st Ordinary Shareholders' Meeting (Matters Omitted from the Paper Copy Delivered)" on the Company's website on the Internet. Please access the following website of the Company to review the matters.

The Company's website:
https://www.joyfulhonda.co.jp/en/ir/notice_meeting.html

In addition to the website above, the Company has also posted the matters subject to measures for electronic provision on the website of the Tokyo Stock Exchange, Inc. (TSE). To review the matters, please visit the TSE website (TSE Listed Company Search) below and enter and search for the issue name "JOYFUL HONDA" or the security code "3191" and select "Basic information" and "Documents for public inspection/PR information," followed by "Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting."

Tokyo Stock Exchange website (TSE Listed Company Search):
https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show

1. **Date and Time:** **Thursday, September 17, 2026 at 2:00 p.m. Japan time (Reception will begin at 1:00 p.m.)**
2. **Place:** **Subaru, Annex 1F, Hotel Nikko Tsukuba**
   1-1364-1 Azuma, Tsukuba, Ibaraki Prefecture
3. **Meeting Agenda:**

Matters to be reported:

1. The Business Report, Consolidated Financial Statements for the Company's 51st Fiscal Year (June 21, 2025 to June 20, 2026), and Report on the Audit Results of the Consolidated Financial Statements by the Accounting Auditor and the Board of Statutory Auditors
2. The Non-consolidated Financial Statements for the Company's 51st Fiscal Year (June 21, 2025 to June 20, 2026)

Proposals to be resolved:

Proposal 1: Election of Six Directors

The election of the following six individuals is proposed.

1	Ikuo Hirayama	Reappointment	4	Touko Shirakawa	Reappointment External Independent
2	Masaru Honda	Reappointment	5	Keita Tokura	Reappointment External Independent
3	Seiji Manabe	New appointment	6	Shinichi Shibayama	Reappointment External Independent

Proposal 2: Election of One Substitute Statutory Auditor

The election of the following individual is proposed.

Toshihiro Masubuchi

The details of each proposal are described in the "Reference Documents for the Shareholders' Meeting" (pages 53-64) listed in the matters subject to measures for electronic provision.

- o We have sent only this notice of convocation to shareholders who have not requested the delivery of paper copy.
- o The following matters are not contained in the paper copy provided to shareholders who requested it pursuant to the provisions of laws and regulations and the Articles of Incorporation of the Company. The Statutory Auditors and the Accounting Auditor have audited the documents subject to audit, including the following matters.
  (1) "Systems to ensure the appropriateness of operations and operational status of such systems" in the Business Report
  (2) "Notes to the Consolidated Financial Statements" in the Consolidated Financial Statements
  (3) "Notes to the Non-consolidated Financial Statements" in the Non-consolidated Financial Statements
- o When attending the meeting, please present the enclosed Exercise of Voting Rights Form at the reception desk.
- o If there are any revisions to the matters subject to measures for electronic provision, they will be posted on the Company's website and the TSE website where such matters were provided.

Notice of Resolutions at the Shareholders' Meeting

To conserve resources, we have discontinued sending written notices of resolutions at the Shareholders' Meeting to shareholders. Instead, they will be posted on the Company's website after the meeting. We appreciate your understanding.

Reference Documents for the Shareholders' Meeting

Proposals and References

Proposal 1: Election of Six Directors

The terms of office of all five Directors will expire at the conclusion of this meeting. Accordingly, in order to strengthen the Group management structure, the election of six Directors, representing an increase in the number of Directors by one, is proposed.

The candidates for Director have been selected based on the report submitted by the voluntary Nomination Committee, chaired by an External Director with the majority of the members being External Directors, in accordance with the "Standards for Election of Directors and Statutory Auditors" (listed on pages 12-13).

In addition, the candidates for External Director satisfy the "Independence Standards for External Officers" (listed on page 14).

The candidates for Director are as follows:

No.		Name		Current positions at the Company	Attendance at the Board of Directors meetings
1	Reappointment	Ikuo Hirayama	♂	President	15 out of 15 (100%)
2	Reappointment	Masaru Honda	♂	Director & Counselor	15 out of 15 (100%)
3	New appointment	Seiji Manabe	♂	—	—
4	Reappointment	Touko Shirakawa	♀ External Independent	External Director	15 out of 15 (100%)
5	Reappointment	Keita Tokura	♂ External Independent	External Director	15 out of 15 (100%)
6	Reappointment	Shinichi Shibayama	♂ External Independent	External Director	10 out of 10 (100%)

(Note) In addition to the number of Board of Directors meetings stated above, three written resolutions were deemed resolutions of the Board of Directors pursuant to Article 370 of the Companies Act and Article 24 of the Company's Articles of Incorporation.

♂ Male ♀ Female

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	Ikuo Hirayama (February 6, 1965) Reappointment	March 1987 Joined the Company September 2015 Director; General Manager, Merchandising Department and General Manager, Merchandise Development Office February 2016 Director February 2016 Director, Honda Sangyo Co., Ltd. March 2016 Managing Director, Honda Sangyo Co., Ltd. April 2017 Managing Director; General Manager, Administration Group, General Manager, Management Planning Department, and General Manager, General Administration Department, the Company July 2017 Managing Director; General Manager, Management Planning Group July 2018 In charge of Management Planning Office, Public Relations and IR Office, and Project Promotion Office November 2018 In charge of Management Planning Office, Public Relations and IR Office, and Business Coordination February 2019 In charge of Management Planning Office, Public Relations and IR Office, Project Promotion Office, New Business Development, and Business Coordination February 2019 Director, JOYFUL AK CO., LTD. June 2019 Director & Senior Executive Officer; General Manager, Administration Group, the Company March 2021 Director, MTJ FITNESS Corporation (to present) June 2021 Director, Senior Executive Officer & COO, the Company August 2022 Director, Senior Executive Officer & COO and General Manager, Reform Division June 2023 President (to present) May 2025 Director, JOYFUL AK CO., LTD. (to present) September 2025 Director, Honda Co., Ltd. (to present)	25,300 shares
	Reasons for nomination as candidate for Director	Mr. Ikuo Hirayama, at the Company, has been engaged in operations such as store management and the Merchandising Department for many years, and has successively held positions such as General Manager of the Merchandising Department, General Manager of the Administration Group, and Senior Executive Officer & COO. Since June 2023, he has been serving as President of the Company and is leading the Company by demonstrating strong leadership. With a wealth of experience in store management and the ability to execute business, as well as a wide range of knowledge about the Company's business, the Company judges that he is qualified to further enhance the corporate value of the Company, and renominates him as a candidate for Director.	

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Past experience, positions, responsibilities,
and significant concurrent positions</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">2</td><td>Masaru Honda

(February 14, 1959)
Reappointment</td><td>March 1986 Joined Honda Sangyo Co., Ltd.
October 1992 Director
October 1998 Senior Managing Director
January 2001 Director, Joyful Honda Co., Ltd.
October 2003 President, Honda Sangyo Co., Ltd.
August 2005 Director, the Company
September 2016 Counselor
September 2017 Director
April 2018 Chairman, Honda Sangyo Co., Ltd.
April 2020 Director & Counselor, the Company (to present)</td><td>1,847,500 shares</td></tr>
<tr><td>Reasons for nomination as candidate for Director</td><td colspan="2">Mr. Masaru Honda has held important positions at the Company and Group companies and has a wealth of experience and wide-ranging insight related to the management of the Company. As a Director of the Company, he appropriately fulfills his role such as making decisions on important management matters and supervising the business execution. The Company judges that he is qualified to further enhance the corporate value of the Company, and renominates him as a candidate for Director.</td></tr>
<tr><td rowspan="2">3</td><td>Seiji Manabe

(July 9, 1977)
New appointment</td><td>April 2000 Joined Deloitte Touche Tohmatsu LLC
August 2006 Joined Mitsubishi Corporation
December 2014 Seconded as Executive Manager reporting to the President, the Company
October 2015 Manager, Corporate Planning Department
March 2016 Seconded to Marunouchi Capital Inc.
January 2017 Food Retail Department, Living Essentials Group, Mitsubishi Corporation
February 2019 Seconded as General Manager, Sales and Marketing Division, Fujicitio Co., Ltd.
May 2021 Director, Deputy General Manager, Commercial Division
April 2023 Seconded as Director in charge of Management Department, Maker’s Shirt Kamakura Co., Ltd.
January 2026 Director in charge of Business Management Department
May 2026 S.P.A. Business Department, Smart-Life Creation Group, Mitsubishi Corporation (to present)</td><td>- shares</td></tr>
<tr><td>Reasons for nomination as candidate for Director</td><td colspan="2">Mr. Seiji Manabe possesses specialized knowledge in finance and accounting as a certified public accountant and has accumulated extensive experience in business management and business investment at a major audit firm and Mitsubishi Corporation. He also possesses practical knowledge gained through his involvement in business and organizational operations as a senior executive at several retail companies, as well as through his responsibilities in the Corporate Planning Department and other areas while seconded to the Company. The Company judges that he will apply this experience and specialized knowledge to its management and is qualified to further enhance the corporate value of the Company. Based on this, the Company nominates him as a candidate for Director.</td></tr>
</table>

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
4	Touko Shirakawa (April 25, 1961) Reappointment External Independent	April 2002 April 2013 September 2015 March 2016 September 2016 March 2017 May 2017 March 2018 April 2018 October 2018 June 2019 March 2020 April 2020 April 2020 September 2020 April 2021 July 2021 July 2022 April 2025	Fully-fledged start of writing activities Visiting Professor, Sagami Women's University Private Member, "Japan Conference for Promoting Dynamic Engagement of All Citizens," Cabinet Secretariat Committee Member, "Priority Policy Specialized Survey," Gender Equality Bureau, Cabinet Office Expert Member, "Working Style Reform Realization Conference," Cabinet Secretariat Expert Committee Member, "Conference for Gender Equality Priority Policy Specialized Survey," Gender Equality Bureau, Cabinet Office Follow-up Meeting Committee Member, "Japan Plan for Promoting Dynamic Engagement of All Citizens," Cabinet Secretariat Public Interest Commissioner, "Council for Initiatives for Promoting the SDGs in the Securities Industry," Japan Securities Dealers Association Visiting Professor, Center for General Education, Showa Women's University Follow-up Meeting Committee Member, "Working Style Reform Realization Conference," Cabinet Secretariat Committee Member, "Investigative Committee on the New Ways of Convenience Stores," Ministry of Economy, Trade and Industry Committee Member, "Investigative Committee for Promotion and Deployment of Telework," Ministry of Internal Affairs and Communications Specially Appointed Professor, The Graduate School of Sagami Women's University Outside Director, sanwacompany ltd. External Director, the Company (to present) Outside Director, Daiwa Asset Management Co. Ltd. (to present) Director, People&Communities Network Outside Director, SUMITOMO LIFE INSURANCE COMPANY (to present) Visiting Professor, Diversity Promotion Organization, Showa Women's University (to present)	- shares
	Reasons for nomination as candidate for External Director and expected roles	Ms. Touko Shirakawa, although she does not have direct experience in corporate management, for many years she has worked in various fields as a journalist, writer, educator, and committee member of various public councils on themes such as work style reform, diversity, women's empowerment, work-life balance, autonomous career development, and SDGs, and has a wealth of experience and wide-ranging insight. We believe that by leveraging her wealth of experience and wide-ranging insight, she will make useful suggestions on overall management, supervise the Company's management decisions and business execution from an independent and objective standpoint, and play a sufficient role in improving our employees' work styles and career development for women, among other areas. Based on such expectation, the Company renominates her as a candidate for External Director.		

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Past experience, positions, responsibilities,
and significant concurrent positions</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">5</td><td>Keita Tokura

(May 2, 1981)
Reappointment
External
Independent</td><td>April 2004

October 2005

April 2008
June 2012

January 2014

April 2016
December 2019
April 2020

September 2020
April 2026</td><td>Joined the Legal Training and Research Institute of Japan, Supreme Court of Japan
Graduated from the Legal Training and Research Institute of Japan, Supreme Court of Japan and registered as an attorney-at-law
Joined Anderson Mori & Tomotsune (currently Anderson Mori & Tomotsune Foreign Law Joint Enterprise)
Worked at Daiwa Securities SMBC Co. Ltd.
Registered as an attorney-at-law in the state of New York, U.S.A.
Partner, Anderson Mori & Tomotsune (currently Anderson Mori & Tomotsune Foreign Law Joint Enterprise) (to present)
Part-time Lecturer, Faculty of Economics, Seikei University
External Statutory Auditor, Idein Inc. (to present)
Part-time Lecturer, Graduate School of Law, Hitotsubashi University
External Director, the Company (to present)
Specially Appointed Professor, Graduate School of Law, Hitotsubashi University (to present)</td><td>-
shares</td></tr>
<tr><td>Reasons for nomination as candidate for External Director and expected roles</td><td colspan="3">Mr. Keita Tokura, although he does not have direct experience in corporate management, has been engaged in corporate law practice mainly in the fields of corporate mergers and acquisitions, various financial transactions including capital markets, as well as corporate governance. He also has extensive experience and broad insight into corporate strategic decision-making, including legal matters, M&A, and IT, having worked in the M&A advisory division of a securities company. We believe that by leveraging his wealth of experience and wide-ranging insight, he will make meaningful suggestions on overall management, supervise the Company’s management decisions and business execution from an independent and objective standpoint, and play a sufficient role in the Company’s future business strategies and other areas. Based on such expectation, the Company renominates him as a candidate for External Director.</td></tr>
</table>

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
6	Shinichi Shibayama (June 2, 1957) Reappointment External Independent	April 1980 Joined NEC Corporation August 1990 Joined Nomura Research Institute, Ltd. April 2000 General Manager, Management Consulting Department April 2002 Division Manager, Consulting Division I April 2004 Division Manager, Consulting Business Promotion Division April 2005 General Manager, Public Relations Department, and General Manager, Investor Relations Department April 2009 General Manager, General Affairs Department April 2012 Representative Director and President, NRI Data i Tech, Ltd. July 2015 Representative Director and President, NRI Mirai, Ltd. April 2017 Professor, The Graduate School of Information & Communication (currently The Graduate School of Social Design) June 2018 External Director, Wilson Learning Worldwide Inc. June 2019 Director, SHiDAX CORPORATION June 2019 President, Japan Society for Corporate Communication Studies April 2020 Director; Senior Managing Corporate Officer, SHiDAX CORPORATION June 2022 Director, Public Relations Society of Japan April 2025 Professor, The Graduate School of Management and Education Technology (to present) September 2025 External Director, the Company (to present)	- shares
	Reasons for nomination as candidate for External Director and expected roles	Having held important positions at Nomura Research Institute, Ltd. and its group companies and been engaged in the management of multiple companies, Mr. Shinichi Shibayama has a wealth of experience and insight related to corporate management and consulting. In addition, he served as President of the Japan Society for Corporate Communication Studies and possesses both academic knowledge and practical experience in the field of public relations. We believe that by leveraging his wealth of experience and wide-ranging insight, he will make useful suggestions on overall management, supervise the Company's management decisions and business execution from an independent and objective standpoint, and play a sufficient role in the Company's future business strategies. Based on such expectation, the Company renominates him as a candidate for External Director.	

(Notes)
1. Joyful Honda Co., Ltd., which is listed in past experience, merged with the Company in June 2011 and ceased to exist.
2. Honda Sangyo Co., Ltd., which is listed in past experience, merged with the Company in March 2020 and ceased to exist.
3. There are no special interests between each of the candidates for Director and the Company.
4. The name of Director candidate Ms. Touko Shirakawa on her family register is Miki Kobayashi.
5. Ms. Touko Shirakawa, Mr. Keita Tokura, and Mr. Shinichi Shibayama are candidates for External Director.
6. The terms of office for External Director of the Company for Ms. Touko Shirakawa, Mr. Keita Tokura, and Mr. Shinichi Shibayama are six years, six years, and one year respectively at the conclusion of this meeting.
7. If the elections of Mr. Masaru Honda, Ms. Touko Shirakawa, Mr. Keita Tokura, and Mr. Shinichi Shibayama for Director are approved, the Company plans to continue agreements with Mr. Masaru Honda, Ms. Touko Shirakawa, Mr. Keita Tokura, and Mr. Shinichi Shibayama in accordance with Article 427, Paragraph 1 of the Companies Act, to limit his or her liability for damages. The maximum liability amount based on said agreements is either three million yen or the amount stipulated by laws and regulations, whichever is higher.
8. Ms. Touko Shirakawa, Mr. Keita Tokura, and Mr. Shinichi Shibayama, candidates for External Director, have been designated as independent officers based on the Company's Independence Standards for External Officers, in addition to the requirements stipulated by the Tokyo Stock Exchange, and have been reported to the Exchange as such. If they are elected as originally proposed, they will continue to be independent officers.
9. The Company has taken out directors and officers liability insurance, as stipulated in Article 430-3, Paragraph 1 of the Companies Act. If this proposal is approved as originally proposed and the Directors are appointed, each candidate will be included as the insured under this insurance policy. In addition, we plan to renew the contract in August 2027. The officers, etc., who are included as insured in this insurance policy shall receive compensation for their liability borne from performance of their duties or for their liability arising from claims in pursuit of that liability. However, in order to ensure that the performance of duties of the insured are not compromised, there are certain exemptions, such as damages caused by actions of the insured with the knowledge that they are in violation

of laws and regulations will not be covered. The insurance fee for the policy and all added special clauses is borne by the Company.

Proposal 2: Election of One Substitute Statutory Auditor

To prepare for a case in which the number of Statutory Auditors falls short of the number required by laws and regulations, the election of one substitute Statutory Auditor is proposed in advance.

If appointed as a substitute Statutory Auditor, the term of office shall be the remaining term of his predecessor.

The resolution shall remain in effect until the commencement of the next Ordinary Shareholders' Meeting.

The candidate for substitute Statutory Auditor has been selected based on the report submitted by the voluntary Nomination Committee, chaired by an External Director with the majority of the members being External Directors, in accordance with the "Standards for Election of Directors and Statutory Auditors" (listed on pages 12-13).

In addition, the Board of Statutory Auditors has given its approval to this proposal.

The candidate for substitute Statutory Auditor is as follows:

Name (Date of birth)	Past experience and significant concurrent positions		Number of shares of the Company held
Toshihiro Masubuchi (July 2, 1961)	September 2013	Director; General Manager, General Administration and Human Resources Group, Kojima Co., Ltd.	100 shares
	January 2015	Joined the Company as Manager, Merchandising Department	
	September 2018	Statutory Auditor, Honda Sangyo Co., Ltd.	
	March 2020	General Manager in charge of Art & Craft Division, Internal Control Promotion Department, the Company	
	June 2021	In charge of Internal Control Promotion, General Administration Department	
	June 2023	In charge of Legal Affairs and Risk Management, Risk Management Department (to present)	
	September 2025	Statutory Auditor, Honda Co., Ltd. (to present)	

(Notes)
1. Honda Sangyo Co., Ltd., which is listed in past experience, merged with the Company in March 2020 and ceased to exist.
2. There are no special interests between the candidate for substitute Statutory Auditor and the Company.
3. Reasons for nomination as candidate for substitute Statutory Auditor
   Mr. Toshihiro Masubuchi has been involved in the overall corporate management at Kojima Co., Ltd., and has served as a Statutory Auditor of a Group company as well as the person in charge of the Company's Internal Control Promotion Department, Risk Management Department and others. The Company nominates him as a candidate for substitute Statutory Auditor with an expectation that he will apply his wealth of experience and deep insight to the Company's audits.
4. If Mr. Toshihiro Masubuchi is appointed as Statutory Auditor, the Company plans to conclude an agreement with Mr. Toshihiro Masubuchi in accordance with Article 427, Paragraph 1 of the Companies Act, to limit his liability for damages. The maximum liability amount based on said agreement is either three million yen or the amount stipulated by laws and regulations, whichever is higher.
5. The Company has taken out directors and officers liability insurance, as stipulated in Article 430-3, Paragraph 1 of the Companies Act. If this proposal is approved as originally proposed and the Statutory Auditor is appointed, Mr. Toshihiro Masubuchi will be included as the insured under this insurance policy. In addition, we plan to renew the contract in August 2027. The officers, etc., who are included as insured in this insurance policy shall receive compensation for their liability borne from performance of their duties or for their liability arising from claims in pursuit of that liability. However, in order to ensure that the performance of duties of the insured are not compromised, there are certain exemptions, such as damages caused by actions of the insured with the knowledge that they are in violation of laws and regulations will not be covered. The insurance fee for the policy and all added special clauses is borne by the Company.

(Reference)

Areas of expertise particularly expected of Director candidates and Statutory Auditors

The areas (up to three) in which the Company has particular expectations of the candidates for Director, proposed in Proposal 1, and Statutory Auditors are as follows.

	No.	Name	Corporate Management	Industry Experience	Legal Affairs / Governance	Financial Accounting / M&A	HR / Diversity	IT / Digital	Environment / Society
Directors	1	Ikuo Hirayama	●	●			●		
	2	Masaru Honda	●	●					●
	3	Seiji Manabe	●	●		●			
	4	Touko Shirakawa			●		●		●
	5	Keita Tokura			●	●		●	
	6	Shinichi Shibayama	●		●	●			
Statutory Auditors		Shinsuke Uchinashi	●		●	●			
		Yumiko Otagiri			●	●			
		Akiko Ozawa			●		●		

(Notes) 1. The above matrix does not cover all the expertise, experience, and knowledge possessed by candidates for Director and Statutory Auditors.
2. Industry experience refers to experience in the distribution or retail industry.
3. If Proposal 1 is approved as originally proposed, the composition will be 6 males and 3 females (33.3% of the officers will be females).

(Reference)

<Standards for Election of Directors and Statutory Auditors>

1. Directors

(1) Election policy for candidates for Director

The Board of Directors shall be of an appropriate size for deliberations. From the perspective of ensuring diversity in order to realize appropriate decision-making and management supervision, multiple persons who possess excellent insight and a high degree of expertise from both inside and outside the company will be appointed.

(2) Election standards for candidates for Director

(i) Possess excellent management insight

(ii) Have a law-abiding spirit, ethics, and social responsibility

(iii) Have an ability to see things from a high vantage point with a broad perspective, as well as excellent foresight and insight

(iv) Have the ability to make the best decisions for the Company in accordance with the "Principles of Business Judgment"

(v) External Directors must have a total tenure of less than eight years, and be able to not only supervise management but also provide useful advice and recommendations to management

(vi) Directors must be able to secure enough time to faithfully perform their duties

(3) Election procedures for candidates for Director

The President and the External Director who is the chair of the Nomination Committee will prepare proposals for appointing candidates for Director, and after deliberation by the Nomination Committee, the Board of Directors will make a resolution and submit it to the shareholders' meeting.

2. Statutory Auditors

(1) Election policy for candidates for Statutory Auditor

In order to appropriately audit the execution of duties by Directors with neutrality and independence, persons with excellent management insight are appointed.

(2) Election standards for candidates for Statutory Auditor

(i) Statutory Auditors must have a total tenure of less than eight years, and have excellent character and insight, with expertise in either law, financial accounting, or corporate management

(ii) Have a law-abiding spirit, ethics, and social responsibility

(iii) Be able to ensure a fair and unbiased attitude from the perspective of independence

(iv) Be able to have smooth dialogue with management for the purpose of ensuring the soundness and transparency of management

(v) Statutory Auditors must be able to secure enough time to faithfully perform their duties

(3) Election procedures for candidates for Statutory Auditor

The President and the External Director who is the chair of the Nomination Committee will prepare proposals for appointing candidates for Statutory Auditor. The Nomination Committee deliberates on the proposals by giving due respect to the opinions of the Statutory Auditors (Board). After obtaining the consent of the Board of Statutory Auditors, the Board of Directors will make a resolution and submit it to the shareholders' meeting.

(Reference)

<Independence Standards for External Officers>

The Company determines that its external officers (External Directors and External Statutory Auditors) are not independent if, in addition to the requirements for independent officers stipulated by the Tokyo Stock Exchange, any of the following items (1) through (3) applies.

(1) A person who is currently, or has been in the past ten years, an executive (Note 2) of the Group (Note 1)

(2) A person who has fallen under any of the following a. to g. in the past three years
   a. A business partner whose annual transaction amount with the Group exceeds 10 million yen in a single fiscal year and which exceeds 2% of the net sales of either the Company or such business partner, or an executive thereof
   b. A major shareholder holding voting rights exceeding 5% of the total voting rights of the Company, or an executive thereof
   c. Lenders of the Group that have loaned to the Group an amount exceeding 2% of the total assets of the Company in the most recent fiscal year (if the lender is a corporation or other organization, an executive thereof)
   d. A person who receives donations or subsidies exceeding 10 million yen annually from the Group (if the person having such relationship is a corporation or other organization, an executive thereof)
   e. A person who provides professional services such as a consultant, lawyer, certified public accountant, etc., who receives monetary or other financial benefits exceeding 10 million yen annually from the Company, other than remuneration for their service as Directors or Statutory Auditors; or a person who belongs to an organization that provides professional services, such as a consulting firm, a law firm, or an auditing firm which receives remuneration exceeding 10 million yen annually and exceeding 2% of its net sales or total annual revenue
   f. In the event that an executive of the Company is appointed as an external officer of another company, an executive for such other company
   g. A certified public accountant who belongs to the auditing firm that is the Company's Accounting Auditor

(3) Spouse or relative within the second degree of kinship of a person listed in (1) and (2) above

(Note 1) The Group means the Company and its subsidiaries. The same applies within the Independent Standards.

(Note 2) An executive is defined in Article 2, Paragraph 3, Item 6 of the Ordinance for Enforcement of the Companies Act, and includes not only executive Directors but also employees. The same applies within the Independent Standards.