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Securities Code: 8131

May 25, 2023

To our shareholders:

Kohei Tajima  
Representative Director, President and Chief  
Executive Officer  
**Mitsuuroko Group Holdings Co., Ltd.**  
3-1-1 Kyobashi, Chuo-ku, Tokyo

### **Notice of the 114th Ordinary General Meeting of Shareholders**

We are pleased to announce the 114th Ordinary General Meeting of Shareholders of Mitsuuroko Group Holdings Co., Ltd. (the “Company”) to be held as described below.

When convening this General Meeting of Shareholders, the Company takes measures for providing in electronic format the information that constitutes the content of Reference Documents for the General Meeting of Shareholders, etc. (matters for which measures for providing information in electronic format are to be taken). This information is posted on each of the following websites, so please access either of those websites to confirm the information.

The Company’s website:

<https://www.mitsuuroko.com/ir/library/sokai.html> (in Japanese)



Website for posted informational materials for the General Meeting of Shareholders:

<https://d.sokai.jp/8131/teiji/> (in Japanese)



TSE website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)



(Access the TSE website by using the internet address shown above, enter “Mitsuuroko Group Holdings Co., Ltd.” in “Issue name (company name)” or the Company’s securities code “8131” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting.”)

If you are unable to attend the meeting in person, you may exercise your voting rights in either of the following methods. We apologize for the inconvenience, but please read the Reference Documents for the General Meeting of Shareholders and exercise your voting rights **by 6:00 p.m. (JST) on Thursday, June 15, 2023.**

[When exercising voting rights in writing]

Please indicate your approval or disapproval of the proposals on the Exercise Voting Rights Form sent alongside this Notice of Meeting and return it so that it arrives no later than the above deadline.

If no approval or disapproval is expressed for the respective proposals in the returned Exercise Voting Rights Form, it will be treated as an approval vote.

[When exercising voting rights via the Internet]

Please access the Company's designated website for exercising voting rights (<https://soukai.mizuho-tb.co.jp/>), enter your "voting rights exercise code" and "password" displayed on the Exercise Voting Rights Form, then indicate your approval or disapproval of the proposals by following the instructions on the screen.

When exercising voting rights via the Internet, please refer to "Information on Exercising Voting Rights via the Internet."

- 1. Date** Friday, June 16, 2023, at 10:00 a.m. (JST)  
(Reception commences at 9:30 a.m. (JST))
  - 2. Place** Tokyo Convention Hall, 5F, Tokyo Square Garden 3-1-1 Kyobashi, Chuo-ku, Tokyo
  - 3. Objectives of the Meeting Reports**
    1. Business Report, Consolidated Financial Statements and Report of the Audit of the Consolidated Financial Statements by the Financial Auditor and Audit and Supervisory Committee for the 114th Fiscal Year (from April 1, 2022 to March 31, 2023)
    2. Non-consolidated Financial Statements for the 114th Fiscal Year (from April 1, 2022 to March 31, 2023)
- Agenda**
- |                       |   |
|-----------------------|---|
| <b>Proposal No. 1</b> | Election of Nine Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)                    |
| <b>Proposal No. 2</b> | Election of Three Directors Who Are Audit and Supervisory Committee Members   |
| <b>Proposal No. 3</b> | Election of One Director Who Is a Substitute Audit and Supervisory Committee Member                                 |
| <b>Proposal No. 4</b> | Revision of Remuneration Amount for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members) |

<Requests to our shareholders>

- Please be advised that, in accordance with official guidelines, we may introduce restrictions or make requests at the venue regarding COVID-19 countermeasures.
- We will provide an alcohol-based sanitizer for shareholders near the reception desk at the venue.
- Those who are found to have a fever after getting their temperature measured near the entrance of the venue or those who are deemed to be in poor physical condition may be refused entry and asked to return home.

- The management staff of the General Meeting of Shareholders will wear a mask after checking their physical condition, including temperature measurement, when interacting with shareholders.
- We will omit detailed explanations of the reports (including the Audit Report) and proposals at the meeting venue. We ask for you to read this Notice of Meeting in advance.

- ◎ When attending the meeting in person, please present the Exercise Voting Rights Form at the reception desk of the venue.
- ◎ If revisions to the matters subject to measures for electronic provision arise, the Company will post notice of the revisions along with the matters before and after revision on the aforementioned websites on the Internet.
- ◎ For this General Meeting of Shareholders, paper-based documents stating matters subject to measures for electronic provision will be delivered regardless of whether the shareholders have made a request for delivery of such documents. Note that, of matters subject to measures for electronic provision, pursuant to the provisions of applicable laws and regulations as well as the Article 13, paragraph 2 of the Articles of Incorporation, the Notes to Consolidated Financial Statements and the Notes to Non-consolidated Financial Statements are not included in the documents that are delivered. For this reason, the documents that are delivered include parts of the Consolidated Financial Statements and the Non-consolidated Financial Statements that were audited by the Audit and Supervisory Committee when preparing the Audit Report and by the Financial Auditor when preparing the Accounting Audit Report.

## Information on Exercising Voting Rights

The right to vote at the General Meeting of Shareholders is a principal right of shareholders. Please exercise your voting rights after reading the attached Reference Documents for the General Meeting of Shareholders.

You may exercise your voting rights by one of the following three methods.

### [When attending the General Meeting of Shareholders]

Please present the Exercise Voting Rights Form at the reception desk of the venue.

Date: Friday, June 16, 2023, at 10:00 a.m. (JST) (Reception commences at 9:30 a.m. (JST))

### [When exercising voting rights in writing (by mail)]

Please indicate your approval or disapproval to each of the proposals on the Exercise Voting Rights Form and return it to us.

Voting deadline: Your vote must arrive no later than 6:00 p.m. (JST) on Thursday, June 15, 2023

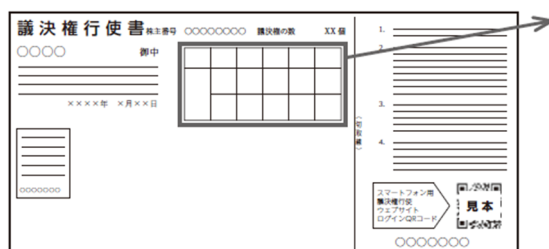
### [When exercising voting rights via the Internet]

Please follow the information on the next page and enter your approval or disapproval to each of the proposals.

Voting deadline: You have to enter your approval or disapproval of the proposals by 6:00 p.m. (JST) on Thursday, June 15, 2023

Institutional investors who made prior application for using the Electronic Voting System Platform, which is operated by ICJ, Inc. for institutional investors, may exercise their voting rights on the platform.

## Information on How to Complete the Exercise Voting Rights Form



Please indicate whether you approve or disapprove of each proposal.

\* Voting form image

### [Proposal No. 1, No. 2]

- To mark your approval for all candidates → Circle “Approve.”
- To mark your disapproval for all candidates → Circle “Disapprove.”
- To mark your disapproval for certain candidates → Circle “Approve” and write the number of the candidate(s) you wish to disapprove.

### [Proposal No. 3, No. 4]

- To mark your approval → Circle “Approve.”
- To mark your disapproval → Circle “Disapprove.”

If you have exercised your voting rights both in writing (by mail) and via the Internet, the vote made via the Internet shall be deemed effective. Also, if you have exercised your voting rights multiple times via the Internet, the last vote shall be deemed effective.

## Information on Exercising Voting Rights via the Internet

- Scanning login QR code “smart vote”

You can login to the website for exercising voting rights without entering your voting rights exercise code and password.

1. Please scan the QR code printed on the lower right-hand side of the Exercise Voting Rights Form.



\* The “QR Code” is a registered trademark of DENSO WAVE INCORPORATED.

2. Indicate your approval or disapproval by following the instructions on the screen.



Note that your voting rights can be exercised **only once** by using the “Smart Vote” method.

If you need to make a correction to the content of your vote after you have exercised your voting rights, please access the website for personal computer and log in by entering your voting rights exercise code and password printed on the Exercise Voting Rights Form, and exercise your voting rights again.

\* You can access the website for personal computer by scanning the QR code again.

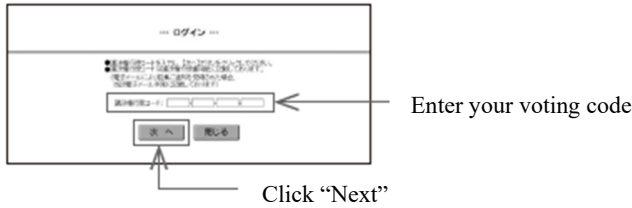
- Entering voting rights exercise code and password

Website for exercising voting rights <https://soukai.mizuho-tb.co.jp/>

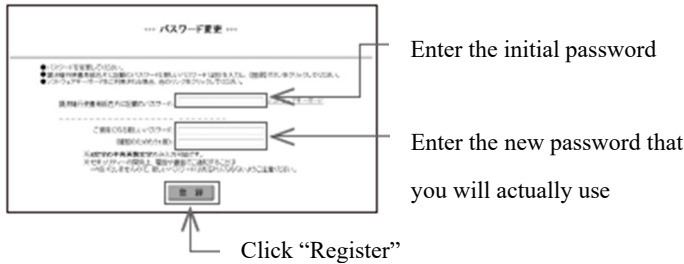
1. Please access the website for exercising voting rights.



2. Enter the voting rights exercise code printed on the Exercise Voting Rights Form.



3. Enter the password printed on the Exercise Voting Rights Form.



4. Indicate your approval or disapproval by following the instructions on the screen.

\* The operation screens shown here are for reference purposes only.

In case you need instructions for how to operate your personal computer, smartphone or mobile phone in order to exercise your voting rights via the Internet, please contact:  
 Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd. Internet Helpline  
 0120-768-524 (Service hours: 9:00 a.m. to 9:00 p.m. not including year-end and new-year holidays)

## Reference Documents for the General Meeting of Shareholders

### Proposal No. 1 Election of Nine Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of all nine Directors (excluding Directors who are Audit and Supervisory Committee Members; applicable to the rest of this proposal) will expire at the conclusion of this meeting. Therefore, the Company proposes the election of nine Directors.

With regard to this proposal, the Audit and Supervisory Committee has determined that all the candidates for the new Directors are appropriate.

The candidates for Director are as follows:

Candidate No.	Name	Current position and responsibility in the Company	Number of attendance at meetings of the Board of Directors	Attribute
1	Kohei Tajima	Representative Director and President Chief Executive Officer General management	100% (13/13)	Reelection
2	Kazuhiro Kojima	Director Group Chief Financial Officer Finance & Control, Legal & Secretary Others (operational and system support)	100% (13/13)	Reelection
3	Takashi Matsumoto		0% (0/0)	New election
4	Manabu Sakanishi	Director Energy Solutions Business	100% (13/13)	Reelection
5	Jun Kawakami	Director Mobility Business, Others (leasing)	100% (13/13)	Reelection
6	Motoyasu Omori	Director Foods Business	100% (13/13)	Reelection
7	Goh Wee Meng	Director Group Chief Technology Officer, Group Chief Information Officer, and Group Global Chief Inclusion & Diversity Officer Global Planning, ICT Planning (planning, maintenance and promotion of information infrastructure), and Inclusion & Diversity	100% (13/13)	Reelection Foreigner
8	Katsuhisa Yanagisawa	Director (External)	100% (13/13)	Reelection External
9	Kaori Matsui	Director (External)	100% (13/13)	Reelection External Independent Female

New election: Director candidate for new election

Reelection: Director candidate for reelection

External: External Director candidate

Independent: Person designated as an Independent Officer with the stock exchange

Foreigner: Foreign Director candidate

Female: Female Director candidate

Candidate No.	Name	Areas that the Company is particularly anticipating with the candidates							
		Corporate management/management strategy	Finance/accounting/capital policy	Human resources/personnel development	Legal risk management	Auditing	Internal controls/governance	Overseas	Society/environment
1	Kohei Tajima	●	●	●	●		●	●	●
2	Kazuhiro Kojima	●	●		●	●	●	●	●
3	Takashi Matsumoto	●		●	●		●	●	●
4	Manabu Sakanishi	●		●	●		●		●
5	Jun Kawakami	●					●		●
6	Motoyasu Omori	●					●		●
7	Goh Wee Meng	●		●			●	●	●
8	Katsuhisa Yanagisawa	●	●			●	●		●
9	Kaori Matsui	●	●			●	●		●

(Note) The above table does not display all of the candidates' expertise.



Candi- date No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	Kohei Tajima (November 8, 1971)	<p>Apr. 1995      Joined MITSUI &amp; CO., LTD.</p> <p>June 2002      Director of the Company</p> <p>June 2002      External Director of SANRIN Co., Ltd. (current position)</p> <p>June 2002      Chairman and Director of Niigata Sanrin Co., Ltd. (current position)</p> <p>June 2003      Managing Director of the Company</p> <p>July 2003      Director of Sanrin Co., Ltd.</p> <p>Apr. 2005      Representative Director and Vice President of the Company</p> <p>June 2007      Representative Director and President</p> <p>Apr. 2011      Representative Director and President, and Chief of Lifestyle Institute</p> <p>Oct. 2011      Representative Director and President of MITSUUROKO Co., Ltd. (current position)</p> <p>Apr. 2013      Representative Director, President and Chief Executive Officer, and Chief of Lifestyle Institute Director of Mitsuuroko Green Energy Co., Ltd. (current position)</p> <p>July 2013      Representative Director, President and Chief Executive Officer of the Company (current position)</p> <p>Dec. 2014      Chairman of the Board of Directors of Carl's Jr. Japan Inc.</p> <p>Apr. 2015      Representative Director and President of Mitsuuroko Corporation Co., Ltd.</p> <p>Apr. 2016      Director of Mitsuuroko Energy Force Co., Ltd.</p> <p>Oct. 2017      Chairman of the Board of Directors of Mitsuuroko Vessel Co., Ltd. Chairman of the Board of Directors of Mitsuuroko Voyagers Co., Ltd. (currently Mitsuuroko Foods Co., Ltd.)</p> <p>June 2018      External Director of Television Kanagawa Inc. (current position)</p> <p>May 2019      Representative Director and President of Mitsuuroko Voyagers Co., Ltd. (currently Mitsuuroko Foods Co., Ltd.) (current position)</p> <p>June 2020      Director of Triforce Corporation (current position)</p> <p>Oct. 2020      Director of TRIFORCE INVESTMENTS PTE. LTD. (current position)</p> <p>May 2022      Chairman of the Board of Directors of Mitsuuroko Engineering Co., Ltd. (currently Mitsuuroko Tech Co., Ltd.) (current position)</p> <p>June 2023      Chairman of the Board of Directors of Mitsuuroko Vessel Co., Ltd. (scheduled to assume position)</p> <p>Responsibilities: Chief Executive Officer, general management</p>	61,400
<p>[Reasons for nomination as candidate for Director]</p> <p>As the Representative Director and President of the Company, Kohei Tajima has a proven track record of directing group management with strong leadership since 2007, and has accomplished many achievements such as creating new businesses that correspond to our changing society. In addition, he has a wealth of experience and performance capabilities with regards to the Group's businesses and corporate management, and is also equipped with a global perspective and a wide range of insights. We propose Mr. Tajima again as a candidate for Director as we deem him to be qualified to respond to changes in our society and customer needs, to constantly produce future-ready business strategies and group strategies that aim to improve corporate values, and to further strengthen corporate governance, while the external environment and the industry as a whole undergo dramatic changes.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
2	Kazuhiro Kojima (December 5, 1961)	<p>Apr. 1984      Joined The Fuji Bank, Limited (currently Mizuho Bank, Ltd.)</p> <p>Dec. 2004      Associate Director-General of the Accounting Department of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>Aug. 2005      Deputy General Manager of the Accounting Department</p> <p>July 2007      Associate Director-General of the Compliance Department</p> <p>Apr. 2008      Submanager of Sales Department 1</p> <p>Oct. 2009      Seconded to the Company</p> <p>Apr. 2010      Executive Officer and Senior Manager of the Accounting Department</p> <p>May 2010      Director of Mitsuroko Finance Co., Ltd. (currently MITSUUROKO LEASE Co., Ltd.) (current position)</p> <p>Oct. 2011      Senior Manager of the Finance and Accounting Department of the Company; Executive Officer and Senior Manager of the Accounting Department of MITSUUROKO Co., Ltd.</p> <p>Feb. 2012      Joined the Company Senior Manager of the Finance and Accounting Department of the Company; Executive Officer and Senior Manager of the Finance and Accounting Department of MITSUUROKO Co., Ltd.</p> <p>Apr. 2012      Group Executive Officer, Senior Manager of the President's Office, and Senior Manager of the Finance and Accounting Department of the Company Executive Officer and Senior Manager of the Finance and Accounting Department of MITSUUROKO Co., Ltd.</p> <p>June 2014      Director, Manager of the President's Office, Manager of the Group Management Office, Senior Manager of the Business Administration Department, and Senior Manager of the Finance and Accounting Department of the Company Director, in charge of the Corporate Staff Department, Senior Manager of the Administration Department, and Senior Manager of the Finance and Accounting Department of MITSUUROKO Co., Ltd.</p> <p>Apr. 2015      Director of Mitsuroko Corporation Co., Ltd.</p> <p>May 2017      Director and General Manager of the Treasury and Finance Center of the Company Director of MITSUUROKO Co., Ltd. Director of Mitsuroko Energy Force Co., Ltd. Representative Director and President of Mitsuroko Creative Solutions Co., Ltd. (current position)</p> <p>June 2017      Audit &amp; Supervisory Board Member of Niigata Sanrin Co., Ltd. (current position)</p> <p>May 2019      Director of MITSUUROKO Co., Ltd. (current position); Director of Triforce Corporation (current position)</p> <p>Jan. 2020      Director, Group Chief Financial Officer (current position), and Group Chief Administrative Officer of the Company</p> <p>Oct. 2020      Director of TRIFORCE INVESTMENTS PTE. LTD. (current position)</p> <p>June 2022      Director of Mitsuroko Green Energy Co., Ltd. (current position)</p> <p>June 2023      Director and Senior Accounting Manager of Mitsuroko Vessel Co., Ltd. (scheduled to assume position)  Responsibilities: Group Chief Financial Officer, Finance &amp; Control, Legal &amp; Secretary, Others (operational and system support)</p>	4,300

Candi- date No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned																				
		<p>[Reasons for nomination as candidate for Director]</p> <p>Kazuhiro Kojima has served as the Deputy General Manager of the Accounting Department of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.) in 2005, and the Submanager of Sales Department 1 of the same bank in 2008. In addition, he also has experience in working abroad and in accounting. After serving as an Executive Officer, Senior Manager of the President's Office, and Senior Manager of the Finance and Accounting Department of the Group in 2012, he assumed the position of a Director, and became the Manager of the President's Office, Manager of the Group Management Office, Senior Manager of the Business Administration Department, and Senior Manager of the Finance and Accounting Department of the Company in 2014. Following this, he also assumed the position of the Group Chief Financial Officer and Group Chief Administrative Officer in 2020. With such impeccable achievements, along with his advanced capabilities, global perspective and wide-ranging insights, Mr. Kojima is expected to make great contributions to enhancing the corporate values of the Group, and is therefore being proposed again as a candidate for Director.</p>																					
*3	Takashi Matsumoto (January 31, 1965)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;">Apr. 1989</td> <td>Joined Esso Sekiyu K.K. (currently ENEOS Corporation)</td> </tr> <tr> <td>Apr. 1996</td> <td>Section Chief of the Retail Development Division of Esso Sekiyu K.K.</td> </tr> <tr> <td>Jan. 2000</td> <td>Regional Category Manager of Convenience Retailing of ExxonMobil Asia Pacific Pte. Ltd. (Singapore)</td> </tr> <tr> <td>Oct. 2001</td> <td>Manager of the LPG West Japan Branch of the Industrial &amp; Wholesale Department of ExxonMobil Yugen Kaisha (currently ENEOS Corporation)</td> </tr> <tr> <td>Apr. 2005</td> <td>Manager of the LPG East Japan Branch of the Industrial &amp; Wholesale Department</td> </tr> <tr> <td>Nov. 2007</td> <td>Senior Manager of the Japan Branch of ExxonMobil LNG Market Development Inc.</td> </tr> <tr> <td>Nov. 2016</td> <td>Supply Planning Advisor (LNG) of ExxonMobil Asia Pacific Pte. Ltd. (Singapore)</td> </tr> <tr> <td>Jan. 2020</td> <td>Commercial Manager of Russian Far East LNG of ExxonMobil Asia Pacific Pte. Ltd. (Singapore)</td> </tr> <tr> <td>July 2022</td> <td>Chief Representative of the Japan Branch of ExxonMobil LNG Market Development Inc.</td> </tr> <tr> <td>June 2023</td> <td>Representative Director and President of Mitsuuoroko Vessel Co., Ltd. (scheduled to assume position)</td> </tr> </table> <p>[Reasons for nomination as candidate for Director]</p> <p>Takashi Matsumoto was appointed as the Manager of the LPG West Japan Branch, and then, the Manager of the LPG East Japan Branch of ExxonMobil Yugen Kaisha. He was then appointed as the Senior Manager of the Japan Branch of ExxonMobil LNG Market Development Inc. in 2007, and in 2016, he was appointed as the Supply Planning Advisor of the LNG division at ExxonMobil Asia Pacific Pte. Ltd. based in Singapore. In 2022, he was appointed as Chief Representative of the Japan Branch of ExxonMobil LNG Market Development Inc. As such, he has extensive experience and achievements in the sector of energy solutions business. We propose Mr. Matsumoto as a candidate for Director as we can expect him to make great contributions in further developing the Group as a Director, with his advanced capabilities, global point of view and wide-ranging insights.</p>	Apr. 1989	Joined Esso Sekiyu K.K. (currently ENEOS Corporation)	Apr. 1996	Section Chief of the Retail Development Division of Esso Sekiyu K.K.	Jan. 2000	Regional Category Manager of Convenience Retailing of ExxonMobil Asia Pacific Pte. Ltd. (Singapore)	Oct. 2001	Manager of the LPG West Japan Branch of the Industrial & Wholesale Department of ExxonMobil Yugen Kaisha (currently ENEOS Corporation)	Apr. 2005	Manager of the LPG East Japan Branch of the Industrial & Wholesale Department	Nov. 2007	Senior Manager of the Japan Branch of ExxonMobil LNG Market Development Inc.	Nov. 2016	Supply Planning Advisor (LNG) of ExxonMobil Asia Pacific Pte. Ltd. (Singapore)	Jan. 2020	Commercial Manager of Russian Far East LNG of ExxonMobil Asia Pacific Pte. Ltd. (Singapore)	July 2022	Chief Representative of the Japan Branch of ExxonMobil LNG Market Development Inc.	June 2023	Representative Director and President of Mitsuuoroko Vessel Co., Ltd. (scheduled to assume position)	—
Apr. 1989	Joined Esso Sekiyu K.K. (currently ENEOS Corporation)																						
Apr. 1996	Section Chief of the Retail Development Division of Esso Sekiyu K.K.																						
Jan. 2000	Regional Category Manager of Convenience Retailing of ExxonMobil Asia Pacific Pte. Ltd. (Singapore)																						
Oct. 2001	Manager of the LPG West Japan Branch of the Industrial & Wholesale Department of ExxonMobil Yugen Kaisha (currently ENEOS Corporation)																						
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Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
4	Manabu Sakanishi (September 21, 1966)	<p>Apr. 1991      Joined Esso Sekiyu K.K. (currently ENEOS Corporation)</p> <p>Apr. 2002      Manager of the Fixed Asset Accounting Section of the Controller Department</p> <p>Apr. 2006      Manager of the LPG West Japan Branch of the Industrial &amp; Wholesale Department of ExxonMobil Yugen Kaisha (currently ENEOS Corporation)</p> <p>Sept. 2007      Manager of the LPG East Japan Branch of the Industrial &amp; Wholesale Department</p> <p>Mar. 2010      Senior Manager of the Vehicle Lubricant Department of the Lubricants &amp; Specialties</p> <p>Sept. 2013      Executive Officer and Manager of the Global Accounts Department of the Lubricants &amp; Specialties of EMG Marketing Godo Kaisha (currently ENEOS Corporation)</p> <p>Dec. 2013      Executive Officer and Manager of the L&amp;S Sales Department of the Lubricants &amp; Specialties</p> <p>Jan. 2017      Executive Officer and Manager of the L&amp;S Sales Department of the Lubricants &amp; Specialties of TonenGeneral Sekiyu K.K. (currently ENEOS Corporation)</p> <p>Apr. 2017      Vice President, and Manager of the L&amp;S Sales Department of EMG Lubricants G.K.</p> <p>May 2019      General Manager of the Corporate Operations Center of the Company Representative Director and President of Mitsuuuroko Vessel Co., Ltd. (scheduled to retire in June 2023) Representative Director and President of Logitri Holdings Co., Ltd. (current position)</p> <p>June 2019      Director of the Company (current position)</p> <p>Mar. 2020      External Director of IRUMA GAS CO., LTD. (current position)</p> <p>June 2020      Representative Director and President of Mitsuuuroko Energy Force Co., Ltd.</p> <p>Nov. 2021      Director of Mitsuuuroko Creative Solutions Co., Ltd. (current position)</p> <p>May 2022      Director of Mitsuuuroko Engineering Co., Ltd. (currently Mitsuuuroko Tech Co., Ltd.) (current position)</p> <p>June 2023      Representative Director and President of Mitsuuuroko Green Energy Co., Ltd. (scheduled to assume position) Responsibility: Energy Solutions Business</p>	—
<p>[Reasons for nomination as candidate for Director]</p> <p>Manabu Sakanishi has served as an Executive Officer and the Manager of the L&amp;S Sales Department in the Lubricants &amp; Specialties of EMG Marketing Godo Kaisha (currently ENEOS Corporation) in 2013, as well as the Vice President and Manager of the L&amp;S Sales Department of EMG Lubricants G.K. in 2017. In addition, he has also been a member of the Company's Board of Directors since 2019. We propose Mr. Sakanishi again as a candidate for Director as we can expect him to make great contributions in further developing and expanding the businesses of the Group, with his impeccable career and achievements as a Director, along with his advanced capabilities, global perspective and wide-ranging insights.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
5	Jun Kawakami (February 19, 1968)	<p>Apr. 1990      Joined the Company</p> <p>Apr. 2009      Head of the Nishitokyo Company</p> <p>Oct. 2009      Manager of the Logistics Integration and Preparation Office</p> <p>Apr. 2010      Senior Manager of the Logistics Planning Department</p> <p>Oct. 2011      Senior Manager of the Petroleum Sales Department and Senior Manager of the Living Sales Department of MITSUUROKO Co., Ltd.</p> <p>Apr. 2012      Group Executive Officer and Senior Manager of the President's Office of the Company Director, Executive Officer, and Senior Manager of the Sales Management Department of MITSUUROKO Co., Ltd.</p> <p>Apr. 2014      Group Executive Officer and Senior Manager of the President's Office of the Company Director, in charge of the Sales Department, and Senior Manager of the Sales Management Department of MITSUUROKO Co., Ltd.</p> <p>June 2014      Director and Senior Manager of the President's Office of the Company</p> <p>June 2015      Director of Mitsuuuroko Corporation Co., Ltd.</p> <p>Mar. 2016      External Director of IRUMA GAS CO., LTD.</p> <p>Apr. 2016      Director and in charge of the Sales Department of MITSUUROKO Co., Ltd. Representative Director and President of Mitsuuuroko Energy Force Co., Ltd.</p> <p>Apr. 2017      Director of the Company (current position)</p> <p>Oct. 2017      Director of Mitsuuuroko Vessel Co., Ltd.</p> <p>May 2018      Representative Director and President of Mitsuuuroko Vessel Co., Ltd.</p> <p>Sept. 2018      Representative Director and President of Logitri Holdings Co., Ltd.</p> <p>June 2020      Representative Director and President of MITSUUROKO LEASE Co., Ltd. (current position)</p> <p>Dec. 2022      Representative Director and President of Mitsuuuroko Tech Co., Ltd. (current position)</p> <p>Responsibilities: Mobility Business, Others (leasing)</p>	3,300
<p>[Reasons for nomination as candidate for Director]</p> <p>Jun Kawakami has advanced capabilities and a wide range of insights, given that he has served as the Head of the Nishitokyo Company and the Senior Manager of the Logistics Planning Department of the Company, before assuming various positions including an Executive Officer of the Group in 2012, as well as a Director of the Company, a Director, person in charge of the Sales Department, and Senior Manager of the Sales Management Department of MITSUUROKO Co., Ltd. in 2014. Due to an organizational restructuring in 2017, we responded to changes in the management environment surrounding the Group by establishing a system that develops sales strategies based on the characteristics of each region, further strengthening our competitiveness, and formulating management strategies that are more effective. We propose Mr. Kawakami again as a candidate for Director as we can expect him to make great contributions in further developing and expanding the businesses of the Group, with his impeccable career and achievements as a Director, along with his advanced capabilities and wide-ranging insights.</p>			

Candi- date No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
6	Motoyasu Omori (October 3, 1970)	Apr. 1993      Joined the Company	2,600
		Oct. 2011      Senior Manager of the Living Sales Department of MITSUUROKO Co., Ltd.	
		Oct. 2012      Senior Manager of the President's Office of the Company	
		Apr. 2014      Group Executive Officer and Senior Manager of the President's Office of the Company Senior Executive Manager of Mitsuuroko Beverage Co., Ltd.	
		Dec. 2014      Director of Carl's Jr. Japan Inc.	
		June 2015      Director and Senior Manager of the President's Office of the Company	
		Apr. 2017      Director of the Company (current position)	
		Oct. 2017      Director of Mitsuuroko Voyagers Co., Ltd. (currently Mitsuuroko Foods Co., Ltd.) (current position)	
		Dec. 2022      Director of Mitsuuroko Tech Co., Ltd. (current position) Responsibility: Foods Business	
		<p>[Reasons for nomination as candidate for Director]</p> <p>Motoyasu Omori has advanced capabilities and a wide range of insights, given that he has assumed various positions including Representative Director and President of Mitsuuroko Beverage Co., Ltd. (currently Mitsuuroko Provisions Co., Ltd.), a major consolidated subsidiary of the Group, since 2011, Senior Manager of the President's Office of the Company in 2012, and Executive Officer of the Group in 2014. In considering the establishment of a company in 2017 to manage our expanding business in the "food" field and the business reorganization in 2021 for further expansion, which are for promoting synergies between brands and creating new values in the "food" field, we determined that Mr. Omori is expected to make great contributions in further developing and expanding the businesses of the Group, and therefore propose him again as a candidate for Director.</p>	

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
7	Goh Wee Meng (August 26, 1982)	<p>Oct. 2008 Senior Officer of International Enterprise Singapore</p> <p>Oct. 2009 Manager of the North Asia Pacific Group and in charge of Mongolia at International Enterprise Singapore</p> <p>Sept. 2011 Chief of the Tokyo Office of the Commercial Section of the Embassy of the Republic of Singapore and International Enterprise Singapore</p> <p>Oct. 2011 Council Director of the ASEAN-Japan Centre</p> <p>June 2017 Joined the Company, Director and Group Chief Technology Officer (current position)</p> <p>Apr. 2018 Director and Group Chief Information Officer (current position)</p> <p>May 2018 Director of Mitsui Oskoff Co., Ltd.</p> <p>May 2019 Director of MITSUURUKO Co., Ltd. (current position)</p> <p>Oct. 2020 Director of TRIFORCE INVESTMENTS PTE. LTD. (current position)</p> <p>Apr. 2022 Director and Group Global Chief Inclusion &amp; Diversity Officer of the Company (current position)</p> <p>Responsibilities: Group Chief Technology Officer, Group Chief Information Officer, Group Global Chief Inclusion &amp; Diversity Officer, Global Planning, ICT Planning (planning, maintenance and promotion of information infrastructure), and Inclusion &amp; Diversity</p>	—
		<p>[Reasons for nomination as candidate for Director]</p> <p>After assuming the position of the Manager of the North Asia Pacific Group of International Enterprise Singapore since 2009, Goh Wee Meng was appointed as the Chief of the Tokyo Office of the Commercial Section in the Embassy of the Republic of Singapore and International Enterprise Singapore since 2011, and during that time had also been serving as a Council Director of the ASEAN-Japan Centre. He has assumed office as Director and Group Chief Technology Officer since 2017, Group Chief Information Officer since 2018, and Group Global Chief Inclusion &amp; Diversity Officer since 2022. With his advanced capabilities and global perspective, he has been promoting the establishments of overseas bases and expanding their operations since 2020, which, we consider, will make great contribution in the further business development and overseas expansion of the Group, and, therefore, we propose Mr. Goh again as a candidate for Director.</p>	
8	Katsuhisa Yanagisawa (April 15, 1954)	<p>June 1998 Director of SANRIN Co., Ltd.</p> <p>June 2004 Managing Director</p> <p>June 2006 Representative Director and Senior Managing Director</p> <p>June 2008 Representative Director and President</p> <p>June 2014 External Director of the Company (current position)</p> <p>June 2017 Chairman of the Board of Directors of SANRIN Co., Ltd.</p> <p>June 2020 Chairman and Director</p> <p>June 2021 Full-time Advisor (current position)</p>	15,500
		<p>[Reasons for nomination as a candidate for External Director and summary of his expected role]</p> <p>Based on the abundant experience and wide-ranging insights that he has cultivated as a Corporate Manager thus far, Katsuhisa Yanagisawa has given useful suggestions to enhance corporate governance, in addition to further strengthening the management system through means such as providing advice on management supervision and general management. For the above reason, we have determined that Mr. Yanagisawa will be able to provide advice on managing the Group and supervise business administration from a practical and multifaceted standpoint, and therefore propose him again as a candidate for External Director.</p>	

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
9	Kaori Matsui (March 1, 1964)	<p>Apr. 1986      Announcer, Media Department, Programming Division of Tokai Television Broadcasting Co., Ltd.</p> <p>Aug. 1998      Director of Yellnet Co., Ltd.</p> <p>Nov. 2001      General Manager of antfactory Japan K.K.</p> <p>June 2002      Director of Virgin Cinemas Japan Co., Ltd.</p> <p>Apr. 2003      Managing Director of TOHO Cinemas Ltd.</p> <p>June 2004      Partner of Nikko antfactory K.K.</p> <p>Nov. 2014      Partner of ACA Inc.</p> <p>Apr. 2015      Representative Director of ACA Innovative Investment Management Inc.</p> <p>June 2015      External Director of the Company (current position)</p> <p>Feb. 2016      Representative Director of Japan Innovation &amp; Succession Foundation (current position)</p> <p>May 2016      Representative Director of Japan Innovation &amp; Succession Inc. (current position) Representative Director of Eve Communications Inc. (current position)</p>	—
<p>[Reasons for nomination as a candidate for External Director and summary of her expected role]</p> <p>Kaori Matsui has held numerous positions in corporate management, and has given advice on managing the Group and supervision over business administration, with her practical and multifaceted perspective as a Corporate Manager. In addition, given her notable wealth of experience and knowledge pertaining to M&amp;A, she has also provided useful suggestions regarding not only overall management, but also matters such as M&amp;A and organizational restructuring, which play a part in improving corporate values over the medium to long term. For the above reasons, we have determined that Ms. Matsui will be able to showcase great skill in ensuring the legality of the Board of Directors' decision-making from an objective and neutral standpoint, and therefore propose her again as a candidate for External Director.</p>			

- (Notes)
1. A new candidate for Director is indicated by an asterisk (\*).
  2. There is no special interest between any of the candidates and the Company.
  3. If Takashi Matsumoto is elected and Manabu Sakanishi is reelected at this General Meeting of Shareholders, the Company plans to have Takashi Matsumoto be in charge of the Energy Solutions Business and Manabu Sakanishi be in charge of the Power & Electricity Business.
  4. Katsuhisa Yanagisawa and Kaori Matsui are candidates for External Directors. The Company has submitted notification to the Tokyo Stock Exchange that Kaori Matsui has been designated as an Independent Officer as provided for by the aforementioned exchange. If the reelection of Ms. Matsui is approved, the Company plans for her designation as an Independent Officer to continue.
  5. Katsuhisa Yanagisawa is currently an External Director of the Company, and at the conclusion of this meeting, his tenure as an External Director will have been nine years.
  6. The Company has entered into an agreement with Katsuhisa Yanagisawa to limit his liability under Article 427, paragraph (1) of the Companies Act, and if he is reelected, the Company plans to renew this agreement with him. Pursuant to this agreement, the defined maximum amount of liability for damages, if he has acted in good faith and without gross negligence in performing his duties, is the minimum liability amount provided for under Article 425, paragraph (1) of the Companies Act.
  7. Kaori Matsui is currently an External Director of the Company, and at the conclusion of this meeting, her tenure as an External Director will have been eight years.
  8. The Company has entered into an agreement with Kaori Matsui to limit her liability under Article 427, paragraph (1) of the Companies Act, and if she is reelected, the Company plans to renew this agreement with her. Pursuant to this agreement, the defined maximum amount of liability for damages, if he has acted in good faith and without gross negligence in performing his duties, is the minimum liability amount provided for under Article 425, paragraph (1) of the Companies Act.
  9. The Company has entered into a Director and Officer's liability insurance policy with an insurance company as provided for in Article 430-3, paragraph (1) of the Companies Act, and the outline of the contents of the said insurance policy is shown on page 36 of the Business Report. In the event that a candidate for Director is approved to be elected, he/she will be included as an insured person in the policy. In addition, when the policy is renewed, we plan to renew it with the same terms.



**Proposal No. 2 Election of Three Directors Who Are Audit and Supervisory Committee Members**

The terms of office of all three Directors who are Audit and Supervisory Committee Members will expire at the conclusion of this meeting. Therefore, the Company proposes the election of three Directors who are Audit and Supervisory Committee Members.

In addition, the consent of the Audit and Supervisory Committee has been obtained for this proposal.

The candidates for Director who is an Audit and Supervisory Committee Member are as follows:

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	Hideo Sugahara (April 12, 1961)	<p>Apr. 1984 Entered Tokyo Regional Taxation Bureau</p> <p>July 1990 Examiner, Large Enterprise Division, Large Enterprise and Criminal Investigation Department, National Tax Agency</p> <p>July 1998 Chief of Third Transfer Pricing Sector of Large Enterprise Division of Large Enterprise and Criminal Investigation Department, National Tax Agency</p> <p>July 2001 Senior Officer of Review Division of First Large Enterprise Department of Tokyo Regional Taxation Bureau</p> <p>July 2005 Deputy Chief Examiner of Review Division of First Large Enterprise Department of Tokyo Regional Taxation Bureau</p> <p>July 2006 Deputy Chief Examiner of Special Examiner of First Large Enterprise Department of Tokyo Regional Taxation Bureau</p> <p>Sept. 2007 Registered as a Certified Tax Accountant, Director of Sugahara Accounting Office (current position)</p> <p>June 2014 Auditor of the Company</p> <p>June 2015 External Director (Audit and Supervisory Committee Member) of the Company (current position)</p> <p>Apr. 2016 Visiting Professor of Graduate School of Economics of Kokushikan University</p> <p>June 2019 Director of Tokyo Certified Public Tax Accountants' Association (current position)</p>	—
<p>[Reason for nomination as a candidate for External Director who is an Audit and Supervisory Committee Member and summary of his expected role]</p> <p>Hideo Sugahara has considerable knowledge of finance and accounting as a Certified Tax Accountant, and we expect that he would make use of his wealth of experience, knowledge, and expertise to further strengthen the management system by supervising management from an independent standpoint, and make useful recommendations for enhancing compliance and corporate governance. We also expect that he would be involved in and supervise the selection of our officer candidates and the determination of officer remuneration from an objective and neutral standpoint. He has never been involved in the management of a company, except as an external Officer. However, the Company judges Mr. Sugahara will appropriately fulfill his duties as an External Director based on the above reasons, therefore propose him again as a candidate for External Director who is an Audit and Supervisory Committee Member.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
2	Yoshiyuki Kawano (June 1, 1972)	<p>Apr. 2003 Junior Resident of Toranomom Hospital</p> <p>Apr. 2005 Senior Resident of Toranomom Hospital</p> <p>Apr. 2008 Department of Urology of NTT Medical Center Tokyo</p> <p>Apr. 2012 Urology Department of Tokyo Nephro Urology Center Yamato Hospital</p> <p>Apr. 2014 Deputy Head of Urology Department of Tokyo Nephro Urology Center Yamato Hospital</p> <p>Nov. 2014 Industrial physician of the Company (current position)</p> <p>Apr. 2015 Head of Urology Department of Tokyo Nephro Urology Center Yamato Hospital</p> <p>May 2015 Representative Partner of BLUFF45 GK (current position)</p> <p>Jan. 2019 Head of Urology Department of Kobayashi Hospital Director of Prostate Center of Kobayashi Hospital</p> <p>June 2020 External Director (Audit and Supervisory Committee Member) of the Company (current position)</p> <p>Apr. 2021 Director of Department of Urology of Keiyukai Sapporo Hospital Director of Prostate Center of Keiyukai Sapporo Hospital (current position)</p> <p>Apr. 2023 Director of BPH Center, Edogawa Hospital (current position) Chief Physician of Urology Department of Edogawa Hospital (current position)</p>	—
		<p>[Reason for nomination as a candidate for External Director who is an Audit and Supervisory Committee Member and summary of his expected role]</p> <p>Yoshiyuki Kawano has worked as a doctor for many years, and with his highly specialized expertise in the profession, he is affiliated with many medical societies and plays an active role in them. Since he also serves as an industrial physician to the Company, he has abundant experience, achievements, and insights in the position, and we expect that he would provide highly effective advice and recommendations in a wide range of fields including general management and health-focused management. We also expect that he would be involved in and supervise the selection of our officer candidates and the determination of officer remuneration from an objective and neutral standpoint. He has never been involved in the management of a company, except as an External Officer. However, the Company judges Mr. Kawano will appropriately fulfill his duties as an External Director based on the above reasons, therefore propose him again as a candidate for External Director who is an Audit and Supervisory Committee Member.</p>	
3	Kei Tajima (May 16, 1973)	<p>Apr. 1996 Entered Mitsui Mutual Life Insurance Company (Current Taiju Life Insurance Company Limited)</p> <p>Mar. 2000 Entered Sanrin Printing Co., Ltd. (current OrgoVere Co., Ltd.)</p> <p>Dec. 2007 Representative Director and President (current position)</p> <p>May 2017 External Director of Sanrin Jigyo Co., Ltd. (current position)</p> <p>June 2021 External Director (Audit and Supervisory Committee Member) of the Company (current position)</p>	—
		<p>[Reason for nomination as a candidate for External Director who is an Audit and Supervisory Committee Member and summary of his expected role]</p> <p>Kei Tajima has been involved in the management of OrgoVere Co., Ltd. (former Sanrin Printing Co., Ltd.) as the company's Representative Director since 2007, and has a wealth of experience and wide-ranging insights as a Corporate Manager. Based on these experiences and insights, we expect that he will fully perform the roles and responsibilities required of an External Director, including supervision of management and general management advice. For this reason, we have determined that Mr. Tajima will be able to showcase great skill in ensuring the legality of the Board of Directors' decision-making from an objective and neutral standpoint, and therefore propose him again as the candidate for External Director who is an Audit and Supervisory Committee Member.</p>	

(Notes) 1. The Company and MITSUUROKO Co., Ltd. have entered into an agreement regarding industrial physicians with BLUFF45 GK, of which Yoshiyuki Kawano is the Representative Partner. However, the operations consignment fee therein is extremely small as it is less than 0.01% of the Group's consolidated selling costs and general administrative costs. There is no special interest between any other candidates and the Company.

2. Each candidate is the candidate for the role of External Director who is an Audit and Supervisory Committee Member.
3. The Company has submitted notification to the Tokyo Stock Exchange that Hideo Sugahara and Yoshiyuki Kawano have been designated as Independent Officers as provided for by the aforementioned exchange. If the reelection of both is approved, the Company plans for their designation as Independent Officers to continue.
4. Hideo Sugahara is currently an External Director who is an Audit and Supervisory Committee Member of the Company, and at the conclusion of this meeting, his tenure as an External Director will have been eight years.
5. The Company has entered into an agreement with Hideo Sugahara to limit his liability under Article 427, paragraph (1) of the Companies Act, and if he is reelected, the Company plans to renew this agreement with him. Pursuant to this agreement, the defined maximum amount of liability for damages, if he has acted in good faith and without gross negligence in performing his duties, is the minimum liability amount provided for under Article 425, paragraph (1) of the Companies Act.
6. Yoshiyuki Kawano is currently an External Director who is an Audit and Supervisory Committee Member of the Company, and at the conclusion of this meeting, his tenure as an External Director will have been three years.
7. The Company has entered into an agreement with Yoshiyuki Kawano to limit his liability under Article 427, paragraph (1) of the Companies Act, and if he is reelected, the Company plans to renew this agreement with him. Pursuant to this agreement, the defined maximum amount of liability for damages, if he has acted in good faith and without gross negligence in performing his duties, is the minimum liability amount provided for under Article 425, paragraph (1) of the Companies Act.
8. Kei Tajima is currently an External Director who is an Audit and Supervisory Committee Member of the Company, and at the conclusion of this meeting, his tenure as an External Director will have been two years.
9. The Company has entered into an agreement with Kei Tajima to limit his liability under Article 427, paragraph (1) of the Companies Act, and if he is reelected, the Company plans to renew this agreement with him. Pursuant to this agreement, the defined maximum amount of liability for damages, if he has acted in good faith and without gross negligence in performing his duties, is the minimum liability amount provided for under Article 425, paragraph (1) of the Companies Act.
10. The Company has entered into a Director and Officer's liability insurance policy with an insurance company as provided for in Article 430-3, paragraph (1) of the Companies Act, and the outline of the contents of the said insurance policy is shown on page 36 of the Business Report. In the event that a candidate for Director who is Audit and Supervisory Committee Member is approved to be elected, he/she will be included as an insured person in the policy. In addition, when the policy is renewed, we plan to renew it with the same terms.

**Proposal No. 3** Election of One Director Who Is a Substitute Audit and Supervisory Committee Member

The Company requests in advance the election of one substitute Director who is an Audit and Supervisory Committee Member to be ready to fill a vacant position should the number of Directors who are Audit and Supervisory Committee Members fall below the number required by laws and regulations.

In addition, the consent of the Audit and Supervisory Committee has been obtained for this proposal.

The candidate for Director who is a substitute Audit and Supervisory Committee Member is as follows:

Name (Date of birth)	Career summary and significant concurrent positions outside the Company	Number of the Company's shares owned
Yasutaka Yanase (August 26, 1967)	Apr. 1991 Joined The Dai-ichi Kangyo Bank, Limited (currently Mizuho Bank, Ltd.) Dec. 2000 Senior Managing Director of YANASE & CO., LTD. June 2005 Director of the Television Corporation of Japan (current position) June 2005 Representative Director and President of DAISHINTO Inc. Nov. 2010 Director of ABLE CHINTAI HOLDINGS INC. Jan. 2012 Representative Director and President of Able Inc. June 2015 Representative Director and President of GIGA PRIZE Co., Ltd. Sept. 2018 Chairman of Chauffeur Service Co., Ltd. (current position) July 2021 Advisor of FreeBit Co., Ltd. (current position) July 2021 Advisor of GIGA PRIZE Co., Ltd. (current position) Sept. 2021 Representative Director and President of TCOI Co., Ltd. (current position) Oct. 2021 Representative Director and Vice President of EARTH CREATE OFFICE Co., Ltd. (current position) May 2022 Chief Branding Officer of Peers Co., Ltd. (current position) July 2022 Director of LiveSmart KK (current position) Nov. 2022 Representative Director of TOKYO CONTAINER KOGYO CO., LTD. (current position) Dec. 2022 Director of NUR*VE, Inc. (current position)	-
[Reason for nomination as a candidate for External Director who is a substitute Audit and Supervisory Committee Member and summary of his expected role] Yasutaka Yanase has held numerous positions in corporate management, and has a wealth of experience and wide-ranging insights as a Corporate Manager. Based on these insights, we expect that he will provide advice on managing the Group and supervise the performance of business duties from a perspective that is practical and multifaceted. For this reason, we have determined that Mr. Yanase will be able to showcase great skill in ensuring the legality of the Board of Directors' decision-making from an objective and neutral standpoint, and therefore propose him as the candidate for External Director who will be a substitute Audit and Supervisory Committee Member.		

- (Notes)
1. There is no special interest between Yasutaka Yanase and the Company.
  2. Yasutaka Yanase is the candidate for the role of External Director who is a substitute Audit and Supervisory Committee Member.
  3. If Yasutaka Yanase assumes the office of Director who is an Audit and Supervisory Committee Member, the Company plans to enter into an agreement with him to limit his liability for damages under Article 423, paragraph (1) of the Companies Act, pursuant to the provisions of Article 427, paragraph (1) of the same Act. Pursuant to this agreement, the defined maximum amount of liability for damages, if he has acted in good faith and without gross negligence in performing his duties, is the minimum liability amount provided for under Article 425, paragraph (1) of the Companies Act.
  4. The Company has entered into a Director and Officer's liability insurance policy with an insurance company as provided for in Article 430-3, paragraph (1) of the Companies Act, and the outline of the contents of the said insurance policy is shown on page 36 of the Business Report. If Yasutaka Yanase is appointed as a Director who is an Audit and Supervisory Committee Member, he will be an insured person under the insurance policy after taking office. In addition, when the policy is renewed, we plan to renew it with the same terms.

**Proposal No. 4** Revision of Remuneration Amount for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

At the 106th Ordinary General Meeting of Shareholders held on June 26, 2015, the amount of remuneration for the Company's Directors (excluding Directors who are Audit and Supervisory Committee Members; applicable to the rest of this proposal) was resolved to be no more than ¥300 million per year (including remuneration of no more than ¥30 million for External Directors). However, in consideration of recent changes in economic conditions and other various circumstances, the Company proposes to change the amount of remuneration for Directors to be no more than ¥400 million per year (including remuneration of no more than ¥40 million for External Directors). The amount of remuneration for Directors shall continue to exclude the employee's salary of Directors who concurrently serve as employees.

This proposal was decided by the Board of Directors after consulting with and receiving a report from the independent External Directors, taking into consideration the Company's business scale, officers' remuneration system and its payment level, the current number of officers, and future trends, among other factors, and is deemed appropriate.

The policies on determining the remuneration, etc. for each individual Director of the Company are as listed in page 38 of the Business Report.

In addition, though not subject to the revision of the amount of remuneration in this proposal, at the 107th Ordinary General Meeting of Shareholders held on June 28, 2016, a resolution was passed to adopt "Board Benefit Trust (BBT)" as performance-linked stock remuneration for Directors other than External Directors, separately from the amount of remuneration to be revised in this proposal.

The current number of Directors is nine (including two External Directors), and even if Proposal No. 1 is approved in its original form, the number of Directors will remain unchanged.

# **Business Report**

(From April 1, 2022 to March 31, 2023)

## **1. Matters regarding the current status of the corporate group**

### **(1) Business conditions of the current fiscal year**

#### **(i) Business progress and achievement**

During the fiscal year under review, economic conditions in Japan were characterized by the easing of COVID-19 restrictions and the progressive normalization of social and economic activity, leading to signs of a recovery. However, the economic outlook remains uncertain due mainly to soaring resource prices globally following the prolongation of the situation in Ukraine and rising prices caused by sharp fluctuations in foreign exchange rates.

In the domestic energy market, there has been a rapid change of the Group's business environment, such as demand for decarbonization on a global scale and demand to strengthen the infrastructure for stable energy supply, which is becoming stronger with the increase in frequency and intensity of natural disasters, as well as the changes in demand due to the low birth rate and aging society and population decline, and lifestyle changes owing to the COVID-19 pandemic.

Under such circumstances, we believe that energy business operators need to make advanced and swift progress from the perspective of ensuring environmental friendliness, stable supply and economic efficiencies. This includes reducing carbon emissions and decarbonization for a sustainable society, strengthening resilience for a safe and secure society, and strengthening the business foundation for ongoing stable supply and business continuity.

The Group's core Energy Solutions Business takes various initiatives to accommodate diversified customer needs and desire for choices. As an entity responsible for stable supply in the regions, the Group also maintains and improves supply infrastructure to ensure the supply even in case of emergencies. Those should be achieved by the Group's solid business foundation and integrated competence rooted in the regions. The Company's consolidated subsidiary Mitsuuroko Vessel Co., Ltd. began selling Carbon Neutral Liquefied Petroleum Gas (LPG) which offsets the CO<sub>2</sub> generated from LPG mining until combustion, using carbon credit certified by an international NGO in the U.S. Mitsuuroko Vessel Co., Ltd. and Mitsuuroko Green Energy Co., Ltd., which is also a consolidated subsidiary of the Company, are participating in the Ministry of Economy, Trade and Industry's "Operation to Mitigate Sudden Fluctuations in Electricity and Gas Prices," and are cooperating to the maximum extent possible for this project in order to relieve the burden of electricity rates on customers.

Moreover, aiming to further enhance digital transformation (DX) to improve the entire Mitsuuroko Group's customer experience (CX), the Company concluded a DX strategy promotion partnership with giftee, Inc., which develops the e-gift platform business, on May 31, 2022, and began selling Shared eGift, which can be used at a number of brands within the Group. The Company will promote across-the-group marketing projects to improve the Group's integrated competitiveness. This will be achieved through constructing an ecosystem by digitally integrating services and tangible/ intangible assets in various fields that the Group provides, such as Energy Solutions, Power & Electricity, Foods, Living & Wellness and Others.

In order to help create a sustainable society by continuing to co-create new value with a diverse range of stakeholders, the Company has examined the business of the Group from a long-term, ESG (Environmental, Social, and Governance) perspective, and considered which of the various social issues it should engage with as priorities. As a result, the Company has identified six important issues (materiality): 1 Contribution to the environment; 2 Contribution to local communities; 3 Thorough compliance; 4 Enhancement of safety and disaster response measures; 5 Health-focused management; 6 Promotion of diversity.

The Company continues to take initiatives for sustainable growth and improving corporate value through enhancement of corporate governance and sustainability.

For the operation streamlining of the entire Group, we have been reducing indirect operational costs within the Group through the automation of operations using the Robotic Process Automation (RPA) under the DX concept at the Mitsuuroko Administration Center, the Group's shared center. We have also shifted toward paperless operations through the use of AI-OCR, and realized the transition to remote work at the shared

center. We will continue to promote the use of operation streamlining tools with cutting-edge technologies and strive to further improve the Group's productivity.

With regard to business performance for the fiscal year ended March 31, 2023, in the Power & Electricity Business, one of the Company's core businesses, profits increased due to our efforts at decentralization of our electricity suppliers, thereby effectively reducing the percentage of electricity procured from the electric power exchange where prices have soared, our progress made in improving and normalizing sales prices in response to rising purchase prices, and an increase in the number of retail users. Furthermore, there were contributions to the entire Group's business performance by the strong results of General Storage Company Pte. Ltd. and Shizuoka Mitsuuroko Foods Co., Ltd., which were added to the Group's consolidated financial results from the fourth quarter of the fiscal year ended March 31, 2022. Against the backdrop of those factors, net sales increased by 29.5% year on year to ¥323,700 million, operating profit increased by 1,402.9% year on year to ¥12,317 million, ordinary profit increased by 381.2% year on year to ¥14,056 million, and profit attributable to owners of parent increased by 308.3% year on year to ¥7,789 million.

Operating results by segment are as follows.

#### ◇ Energy Solutions Business

In the LPG business, as demand for use including restaurants was on a mild recovery trend, the LPG sales volume for commercial use grew to 103% of the level of the previous fiscal year. Although we actively undertook measures to acquire new customers, sales volume for home use fell to 93% of the level of the previous fiscal year due to a year-on-year decline in stay-at-home demand, as well as due to an increase in average temperatures and soaring prices that have resulted in a strengthening tendency to economize. On the other hand, due to the increase in sales prices as a result of the increase in LPG price, net sales for the LPG business increased overall.

In the petroleum business, gross margin per unit continued to increase from the previous fiscal year due to an increase in the delivered unit price of household heating oil, but the strengthening tendency to economize that has affected all petroleum products in the same way as LPG, together with the decline in demand caused by higher temperatures, resulted in sales volume for household heating oil declining to 94% of the level of the previous fiscal year.

In the housing equipment business, we actively worked to increase the ratio of ecologically friendly water heaters with the aim of reducing CO<sub>2</sub> emissions, resulting in year-on-year increases in sales by 47 units to 83 units for hybrid water heaters (retail only) and by 1,127 units to 2,729 units for high-efficiency water heaters (retail only), as well as in sales of 427 fuel conversion systems for switching from petroleum fuels to LPG water heaters (retail only). These achievements resulted in reductions in CO<sub>2</sub> emissions of about 320 tons over the course of the year, and also resulted in net sales for the housing equipment business of 109% of the level of the previous fiscal year.

In response to purchase prices for energy that have continued to increase since the previous fiscal year, we made progress in passing these onto sales prices. As a result, net sales rose 2.3% year on year to ¥141,072 million, and operating profit declined 2.1% year on year to ¥2,733 million.

With environmental awareness rising both in Japan and overseas, we have formulated a growth strategy for the Energy Solutions Business in preparation for a decarbonized society, and are promoting the spread of high-efficiency gas equipment and the installation of ENE FARM (fuel cells). In addition to reducing the amount of primary energy used, ENE FARM is equipped with resilience functions and thus offers outstanding functionality from the perspective of environmental friendliness and disaster prevention. We will actively promote our growth strategy toward decarbonization, with an eye to achieving carbon neutrality.

#### ◇ Power & Electricity Business

In the electricity retail business, the fact that customers chose Mitsuuroko Electricity not only because of their desire to cut costs, but also because of the growing trend regarding measures against global warming, led to an increase in the number of electricity contracts.

However, the situation for electric power supply was extremely difficult throughout the fiscal year ended March 31, 2023, with the government issuing a power usage warning for the areas serviced by Tokyo Electric Power Company and Tohoku Electric Power Company in March 2022, which was followed by the first

national summer power saving request in seven years for the period from July to September, and in turn by the issuing of a winter power saving request from December. In addition, soaring prices for crude oil, LNG, and coal, which are power sources, led to average electricity procurement costs remaining at high levels on the Japan Electric Power Exchange (“JEPX”). In the Power & Electricity Business, as well as proceeding with the diversification of our electricity suppliers to mitigate the impact of soaring prices, we also worked to improve unit selling prices.

As a result of the above factors, net sales increased by 67.1% year on year to ¥157,181 million, and operating profit was ¥10,037 million (compared to an operating loss of ¥1,343 million in the previous fiscal year).

Based on our participation in the Ministry of Economy, Trade and Industry’s “Operation to Mitigate Sudden Fluctuations in Electricity and Gas Prices,” we implemented discounts for electricity and gas charges, using the discounted selling price set by the government, in accordance with the respective amounts of energy used between January and September 2023 (based on meter readings, between February and October). We will continue to cooperate to the maximum extent possible for this project in order to mitigate the burden of electricity charges on customers.

With the increasing gravity of the impact of climate change, CO<sub>2</sub> emissions have become a major issue. In order to balance the supply and demand of electricity by decreasing or increasing the consumption of electricity, we have offered Demand Response Service, a system that allows consumers to change their electricity consumption patterns in response to electricity pricing or incentive payments in order to curb the use of electricity during times of high wholesale market prices or low grid reliability, starting with special high-voltage and high-voltage customers.

We will contribute to the stable supply of electricity and economical use of energy through power saving, peak shifting, and energy efficiency and conservation, and we will contribute to the expansion of renewable energy with the aim of achieving a decarbonized society, provide electricity to many customers as “a Lifestyle Producer,” and endeavor to provide services that are beneficial to society and people’s lives.

#### ◇ Foods Business

In the bottled water business, Shizuoka Mitsuuroko Foods Co., Ltd., which joined the Group in November 2021, made a significant contribution to business performance. Previously this company had specialized in the production of beverages, but by increasing manufacturing capacity for mineral water, it has succeeded in expanding the range of products it can offer to major distributors. Due to the positive reception at a major convenience store chain to the coffee drink that we developed under contract, proposals for selling mineral water as a set with our in-house developed green tea that uses only tea leaves from Shizuoka, and other successful initiatives, sales volume for beverages as a whole recorded an increase. In addition, the water source owned by Shizuoka Mitsuuroko Foods has been rated highly by customers, which has generated a virtuous circle whereby increases in production of mineral water products have led to further increases in orders. As a result, sales volume of mineral water, which is the core product of Mitsuuroko Beverage Co., Ltd., reached approximately 117% of the level of the previous fiscal year.

Despite coming under pressure from soaring prices for resources and energy, significant increases in prices for its main ingredients caused by the depreciation of the yen, and rising personnel expenses, the business was able to improve its performance due to improved efficiencies resulting from the expansion in sales and the normalization of product prices.

In the foods business, “Azabujuban Mont-Thabor,” a bakery with stores all over Japan, worked on collaborations with external brands and actively participated in major food events in the metropolitan area. Employees of the chain also won prizes in the Bakery Japan Cup 2023, in which participants compete in bread production technique, which is testimony to the company’s high level of technical expertise. In addition to using improvements in bread production technique to focus on creating products that please our customers and developing new products, we seek to increase the number of visitors to our stores and to the EC sales site through the repetition of such initiatives that raise brand awareness and brand value.

By introducing products for each season in collaboration with Azabujuban Mont-Thabor, Motomachi Coffee, which operates a café business, was able to raise the number of visitors to its stores to approximately 104% of the level of the previous fiscal year, and improve its business performance.

The net sales of the shops and restaurants operated by Mitsuuroko Provisions Co., Ltd rose to approximately 109% of the level of the previous fiscal year as a result of concentrating on renewing existing stores,



developing new stores, and also developing and introducing new menus in view of the post-COVID-19 landscape.

The Carl's Jr. Japan burger chain has seen an improvement in its business performance due to a recovery in inbound tourist demand and an increase in visitor numbers.

For the Foods Business as a whole, although the COVID-19 pandemic had an impact on the foods business, net sales increased by 36.1% year on year to ¥18,346 million, and operating profit increased by 310.3% year on year to ¥524 million, due to reinforced shipment capacity and increased sales mainly in the bottled water business.

#### ◇ Living & Wellness Business

In the real estate business, rental real estate consisting primarily of residential properties has performed well, and is securing stable sales. The three rental apartment complexes that we acquired in September 2022 (“Prasio Hirao,” “View Heights Takayama,” and “Cosmos Reid Kokubunji”) are operating without problems, and occupancy rates have increased at “VIP Sendai Futsukamachi,” which benefited from a renovation of its common area and some rooms during the fiscal year under review. As a result, net sales rose 12.2% year on year.

In addition to implementing an ongoing program of repairs and upgrades prioritizing safety for all properties, including existing assets, we are steadily investing in facilities to ensure that properties keep pace with the values of the times. We place particular emphasis on sustainability, centered on decarbonization, resource conservation, etc., by switching to the use of electricity generated using renewable energy, installing water-saving facilities, and implementing other initiatives. While bearing the optimal portfolio structure in mind, we will actively acquire and develop new revenue-generating properties going forward.

The number of visitors to the HAMABOWL EAS Building has been recovering steadily, and particularly in March 2023, the building as a whole saw more customer footfall than it has since the beginning of the COVID-19 pandemic. We implemented a receipt marketing campaign using LINE app during the year-end and New Year holiday season. As prizes, we also introduced SPA EAS entry gifts, Hamabowl pair gifts for a single play, and eGift certificates that can be used on the Group's “solemo” e-commerce site, with the goal of generating synergies within the Group and promoting sales for the building as a whole, and the number of LINE friends also increased.

In the wellness and sports business, thanks to the steady recovery in visitor numbers and sales for both SPA EAS and Hamabowl, sales rose to 120.8% and 138.2% of the level of the previous fiscal year, respectively. We have seen a recovery in consumer spending in the leisure and service industries as a result of the COVID-19 pandemic being brought under control and the easing of governmental restrictions on movement.

A sales promotion that used commemorative coupons to celebrate SPA EAS winning 3rd place in the “17th Annual Nifty Hot Spring Rankings (2022)” in December 2022 was well received, and resulted in a significant increase in visitor numbers. Given that the number of new registrations for the official SPA EAS app increased by around 6,000 users, it is possible that this helped to acquire new customers. In terms of sales promotion, in March 2023, as well as promoting a stage version of the “Nobunaga Miman” television drama as a collaborative event with the Company's Content Division, we held a talk show by the cast and a special löyly, throwing water on hot stone in sauna, that attracted widespread attention. SPA EAS entry gift cards were also selected for use in Kanagawa and Yokohama-shi as “thank-you gifts” for hometown tax payments, with the objective of conveying the appeal of the regions and revitalizing their economies.

In January 2023, Hamabowl held the second “Health Bowling Class,” and the number of members increased by 95 during the fiscal year ended March 31, 2023. Signs of the easing of COVID-19 pandemic restrictions have had a significant impact not only on the recovery in general use but also on bookings by corporations, and sales are growing at a pace unseen since before the COVID-19 pandemic. As with SPA EAS, Hamabowl gift cards were selected for use in Yokohama-shi as “thank-you gifts” for hometown tax payments.

In the sports business, the “EIGHT ANGLE” sports studio, the first studio in the world to use internationally patented “SwipeVideo” technology, was launched as a new business on April 12, 2023 (Jiyugaoka, Tokyo). The “EIGHT ANGLE” allows customers to film their golf swing from eight viewing angles, enabling a 360-degree view that makes it possible to provide form guidance from a specialist coach, which leads to improved flight distance and lower handicaps. In addition, aside from golf lessons, this has promising applications for

other competition, such as baseball, tennis, and dancing. By broadening the scope of use to include various scenes, we expect to generate new value as a sports studio that can be used both online and offline.

At the Wellness Lab, in order to summarize the “Rain-Bowling” project implemented during the fiscal year under review, February 2023 we again visited Yamoto Elementary School in Yokohama-shi to award prizes to the fourth-grade students who won first prize in the “Reuse Contest,” and to attend a debriefing session of integrated study by the students (learning about SDGs, including the reuse of bowling pins).

Based on the above reasons, for the Living & Wellness Business as a whole, although net sales increased by 13.9% year on year to ¥2,512 million, operating loss was ¥38 million (compared to an operating profit of ¥324 million in the previous fiscal year) as a result of recording the costs associated with the acquisition of the aforementioned three new rental apartment complexes as prior investment tied to future net sales.

#### ◇ Overseas Business

Profits and losses from the self-storage business of General Storage Company Pte. Ltd. (“GSC”) and six other companies, which joined the Mitsuuroko Group in December 2021, were included in the consolidated financial statements from the fourth quarter of the previous fiscal year. In the fiscal year ended March 31, 2023, net sales increased by 382.9% year on year to ¥2,456 million, and operating profit was ¥207 million (compared to an operating loss of ¥81 million in the previous fiscal year). The business performance of Siamgas & Petrochemicals Public Company Limited (“Siamgas”), with which the Company has concluded a strategic business alliance agreement, was favorable due to the impact of soaring crude oil prices, etc., and dividend income from Siamgas for the fiscal year ended March 31, 2023, increased by 81.9% year on year to ¥1,163 million, and was recorded in non-operating income.

#### ◇ Others

In the information systems development and sales business, we are developing various services for SmartOWL®, an LPG operation streamlining solution utilizing AI and IoT, and in addition to the service that read and provide LPG meter data remotely, we are effectively utilizing daily measurements to offer a delivery streamlining solution that offers the most efficient delivery day. Mitsuuroko Creative Solutions Co., Ltd. has obtained four patents for this delivery streamlining solution, and in demonstration tests conducted over a one-year period, the number of deliveries was reduced by 29.1%, and delivery operation time was reduced by 30.9%. As a result, feedback and inquiries are being received from many operators. In addition, sales are being expanded for the COSMOS Series, an LPG sales management system with improved reliability and closer relationship to customers in mind.

In the leasing business, MITSUUROKO LEASE Co., Ltd. was selected by the Ministry of the Environment as a designated leasing business operator for ESG lease promotion projects. By promoting initiatives that take into account the elements of ESG (Environment, Social, and Governance), we support leasing demand among small and medium-sized enterprises that contribute to decarbonization in the supply chains as a whole.

In the content business, which was started as a new business in the fiscal year ended March 31, 2020, we are co-producing TV programs and movies, planning TV dramas and theatrical performances, etc. The TV drama “Nobunaga Miman,” which we co-produced with Television Kanagawa Inc. and other partners, broke records for the greatest number of TVer (streaming service) viewers for a Television Kanagawa show, and the drama was broadcast nationwide on BS Nippon Television. A stage version of “Nobunaga Miman” was also produced, which was a hit show that was seen by 4,000 people at performances over four days. In addition, the streaming drama “Kono Doga wa Saisei Dekimasen (This Video Is Not Available),” a fully original MITSUUROKO production that became a hit project, surpassing three million views on Amazon Prime and other platforms, helping the business attain a favorable rate of growth.

For Other Business as a whole, net sales increased by 9.6% year on year to ¥2,130 million, while operating profit decreased by 69.3% year on year to ¥14 million, mainly due to a decrease in the profit margin on sales in the leasing business under the COVID-19 pandemic.

## (Reference) Net sales by business department

(Millions of yen)

Business department	113th fiscal year (Previous fiscal year)		114th fiscal year (Current fiscal year)		Comparison to previous fiscal year
	Net sales	Composition ratio (%)	Net sales	Composition ratio (%)	
Energy Solutions Business	137,840	55.1	141,072	43.6	2.3% Increase
Power & Electricity Business	94,057	37.6	157,181	48.6	67.1% Increase
Foods Business	13,476	5.4	18,346	5.7	36.1% Increase
Living & Wellness Business	2,206	0.9	2,512	0.8	13.9% Increase
Overseas Business	508	0.2	2,456	0.8	382.9% Increase
Others	1,943	0.8	2,130	0.7	9.6% Increase
Total	250,033	100.0	323,700	100.0	29.5% Increase

## (ii) Status of capital investments

The total amount of capital investments made in the fiscal year ended March 31, 2023 was ¥9,467 million.

The capital investments were mainly made towards real estate related to Prasio Hirao, View Heights Takayama, and Cosmos Reid Kokubunji and the installation and repair of supply equipment at the sales offices of Mitsuuroko Vessel Co., Ltd. and LPG supply points.

## (iii) Status of financing

During the current fiscal year, the Company financed a total of ¥5,645 million by issuing bonds as follows.

Issued bonds	Date of issue	Total amount of issue	Date of maturity	Reason for issue
The 5th series of unsecured corporate bonds (Limited to qualified institutional investors)	August 30, 2022	¥2,145 million	August 30, 2032	To acquire rental properties
The 6th series of unsecured corporate bonds (Limited to qualified institutional investors)	September 16, 2022	¥1,500 million	September 16, 2032	To finance funds for operations
The 7th series of unsecured corporate bonds (Limited to qualified institutional investors)	November 7, 2022	¥2,000 million	November 5, 2027	To finance funds for operations

## (iv) Status of business transfer, absorption-type split or incorporation-type split

The Company's consolidated subsidiary, MITSUUROKO Co., Ltd., transferred its "e-commerce website business" to the Company's consolidated subsidiary, Triforce Corporation effective March 1, 2023.

## (v) Status of business transfer of other companies

Not applicable.

## (vi) Status of succession of rights and obligations related to the business of other corporations, etc. due to an absorption-type merger or absorption-type split

Not applicable.

(vii) Status of acquisition or disposal of shares, other equity or share acquisition rights, etc. of other companies

Mitsuuroko Foods Co., Ltd., a consolidated subsidiary of the Company, dissolved its joint venture with DELSOLE Corporation, Motomachi Coffee Co., Ltd., on November 30, 2022, and made Motomachi Coffee Co., Ltd. its wholly owned subsidiary by acquiring all of DELSOLE Corporation's shares of Motomachi Coffee Co., Ltd.

On December 1, 2022, the Company acquired all the issued shares of Mitsuuroko Engineering Co., Ltd., (currently Mitsuuroko Tech Co., Ltd.) which was a sub-subsiary of the Company and a subsidiary wholly owned by Mitsuuroko Vessel Co., Ltd. (a consolidated subsidiary of the Company), from Mitsuuroko Vessel Co., Ltd., and therefore converted Mitsuuroko Engineering Co., Ltd. into a subsidiary wholly owned by the Company.

## (2) Status of property, profits and losses for the last three fiscal years

(Millions of yen)

Classification	111th fiscal year	112th fiscal year	113th fiscal year	114th fiscal year (Current fiscal year)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	240,127	226,462	250,033	323,700
Operating profit	7,214	5,232	819	12,317
Ordinary profit	8,262	6,003	2,921	14,056
Profit attributable to owners of parent	3,546	3,369	1,907	7,789
Basic earnings per share	¥57.23	¥54.54	¥31.26	¥130.6
Total assets	125,568	145,189	155,170	173,999
Net assets	78,317	93,289	87,687	92,884
Net assets per share	¥1,257.61	¥1,517.47	¥1,455.30	¥1,561.61

(Notes) 1. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the 113th fiscal year.

2. During the fiscal year ended March 31, 2023, the Company finalized the provisional accounting treatment for business combinations. As a result, each figure for the last three fiscal years reflects the finalization of the provisional accounting treatment.

## (3) Status of major parent companies and subsidiaries

(i) Status of parent companies

Not applicable.

(ii) Status of major subsidiaries, etc.

Company name	Share capital	The Company's voting shares ratio	Main business
Mitsuuroko Vessel Co., Ltd.	¥25 million	100.0%	Sale of LPG, petroleum products, city gas, housing equipment, and electricity retail business
Logitri Holdings Co., Ltd.	¥10 million	100.0%	Comprehensive management that includes the optimization of logistics services for energy-related products

Company name	Share capital	The Company's voting shares ratio	Main business
Mitsuuroko Green Energy Co., Ltd.	¥450 million	100.0%	Electricity wholesale business and electricity retail business
Mitsuuroko Foods Co., Ltd.	¥100 million	100.0%	Comprehensive management that includes organizational management and brand management of the Foods Business
Carl's Jr. Japan Inc.	¥95 million	100.0%	Management and franchise of Carl's Jr. restaurants
MITSUUROKO Co., Ltd.	¥10 million	100.0%	Real estate leasing business and management of hot bath facilities
MITSUUROKO LEASE Co., Ltd.	¥200 million	100.0%	Various financing and leasing services
Mitsuuroko Creative Solutions Co., Ltd.	¥30 million	100.0%	Various shared services, and development and sale of systems
Sanrin Co., Ltd.	¥10 million	100.0%	Insurance agency business
Triforce Corporation	¥10 million	100.0%	Printing business and marketing business
Mitsuuroko Tech Co., Ltd.	¥20 million	100.0%	Construction industry
TRIFORCE INVESTMENTS PTE. LTD.	SG\$87 million	100.0%	Proposal and promotion of overseas businesses, support of local corporations, and investment in and lending to subsidiaries
General Storage Company Pte. Ltd.	SG\$55 million	100.0%	Self-storage business
Mitsuuroko Vessel Hokkaido Co., Ltd.	¥20 million	100.0%	Sale of LPG, petroleum products and housing equipment, motor truck transportation business, contracting of equipment installation and agency services, and electricity retail
Mitsuuroko Vessel Yamanashi Co., Ltd.	¥10 million	100.0%	Sale of LPG, petroleum products and housing equipment, and electricity retail
Mitsuuroko Vessel Tohoku Co., Ltd.	¥10 million	100.0%	Sale of LPG, petroleum products and housing equipment, and electricity retail
Mitsuuroko Vessel Chubu Co., Ltd.	¥10 million	100.0%	Sale of LPG, petroleum products and housing equipment, and electricity retail
Mitsuuroko Vessel Kansai Co., Ltd.	¥31 million	100.0%	Sale of LPG, petroleum products and housing equipment, and electricity retail
Logitri Tohoku Co., Ltd.	¥20 million	90.0%	Motor truck transportation business, and contracting of equipment installation and agency services
Logitri Chubu Co., Ltd.	¥30 million	100.0%	Motor truck transportation business, and contracting of equipment installation and agency services
Logitri Kansai Co., Ltd.	¥10 million	100.0%	Motor truck transportation business, and contracting of equipment installation and agency services
Mitsuuroko Drive Co., Ltd.	¥50 million	100.0%	Service station management, automobile maintenance, purchase of pre-owned vehicles and car rental

Company name	Share capital	The Company's voting shares ratio	Main business
Azuchi-Oshima Wind Power Plant Co., Ltd.	¥10 million	74.9%	Wind-power generation
Mitsuuroko Iwakuni Power Plant Co., Ltd.	¥10 million	100.0%	Biomass power generation
Mitsuuroko Provisions Co., Ltd.	¥10 million	100.0%	Management of in-facility stalls, cafeterias, voluntary chain stores, etc.
Mitsuuroko Beverage Co., Ltd.	¥10 million	100.0%	Manufacture and sale of mineral water
Shizuoka Mitsuuroko Foods Co., Ltd.	¥100 million	100.0%	Manufacture and sale of tea, soft drinks, lactic acid bacteria beverages and alcoholic beverages
Sweet Style Co., Ltd.	¥10 million	100.0%	Management of fresh bakeries and cafés
Niigata Sanrin Co., Ltd.	¥400 million	35.0%	Sale of LPG, petroleum products and housing equipment
Japan Enagic Co., Ltd.	¥20 million	20.0%	Motor truck transportation business, and contracting of equipment installation and agency services
Futtsu Solar Co., Ltd.	¥90 million	49.0%	Mega solar installation and operation
Suigo-Itako Solar Co., Ltd.	¥90 million	32.0%	Mega solar installation and operation

- (Notes)
- On April 1, 2022, Mitsuuroko Voyagers Co., Ltd. changed its trade name to Mitsuuroko Foods Co., Ltd.
  - On April 1, 2022, Shizuoka JA Foods Co., Ltd. changed its trade name to Shizuoka Mitsuuroko Foods Co., Ltd.
  - On April 1, 2022, Hokkaido Mitsuuroko Co., Ltd. changed its trade name to Mitsuuroko Vessel Hokkaido Co., Ltd.
  - On April 1, 2022, Yamanashi Mitsuuroko Co., Ltd. changed its trade name to Mitsuuroko Vessel Yamanashi Co., Ltd.
  - Mitsuuroko Foods Co., Ltd. dissolved its joint venture with DELSOLE Corporation, Motomachi Coffee Co., Ltd., on November 30, 2022, and made Motomachi Coffee Co., Ltd. its wholly owned subsidiary by acquiring all of DELSOLE Corporation's shares of Motomachi Coffee Co., Ltd.
  - On December 1, 2022, the Company acquired all the issued shares of Mitsuuroko Engineering Co., Ltd., which was a sub-subsidiary of the Company and a subsidiary wholly owned by Mitsuuroko Vessel Co., Ltd., from Mitsuuroko Vessel Co., Ltd., and therefore converted Mitsuuroko Engineering Co., Ltd. into a subsidiary owned by the Company. As of the same date, Mitsuuroko Engineering Co., Ltd., changed its trade name to Mitsuuroko Tech Co., Ltd.
  - On April 1, 2023, Mitsuuroko Vessel Tohoku Co., Ltd. absorbed and merged with its subsidiary Ichihara Mitsuuroko Co., Ltd.
  - On June 1, 2023, Mitsuuroko Tech Co., Ltd. plans to absorb and merge with its subsidiary MEC Service, Co., Ltd.
  - On June 1, 2023, Japan Enagic Co., Ltd. plans to increase its capital by conducting a third-party allotment capital increase, which will change the Company's percentage of voting rights in the Japan Enagic Co., Ltd. to 19%.

(iii) Status of specified wholly owned subsidiary as of the end of the fiscal year

Name of specified wholly owned subsidiary	Address of specified wholly owned subsidiary	Book value of specified wholly owned subsidiary at the end of the current fiscal year (Millions of yen)
Mitsuuroko Vessel Co., Ltd.	3-1-1 Kyobashi, Chuo-ku, Tokyo	20,806

(Note) The amount of the Company's total assets at the end of the current fiscal year stands at ¥102,913 million.

#### **(4) Issues to be addressed**

To continue creating new value with our diverse stakeholders as well as to contribute to fulfilling lifestyles and prosperity of society, the Company has identified six important issues (materiality) prioritized from among all social issues, taking into consideration the business of the Company in long-term view.

##### **(i) Contribution to the environment**

The Mitsuuroko Group is aware that it receives various benefits from the earth, including the resources necessary for its business activities, and that it is its responsibility to preserve the global environment in a better state. The purpose of the Mitsuuroko Group's existence is to build a better society through its daily business activities, and it places utmost importance on making proactive efforts to solve social issues. As measures to address climate change, which is a common challenge facing the world, the Mitsuuroko Group is working to reduce the CO<sub>2</sub> emissions from its business activities and those from its customers' use of products and services, as well as contribute to the improvement of energy efficiency, aiming to achieve carbon neutral by FY2050. In order to reduce CO<sub>2</sub> emissions in business activities, we are working to decrease the need for service vehicle use and streamline delivery operations (shortening the operating time and travel distance of trucks) using the automatic meter reading of SmartOWL®, eliminating the issue of complicated delivery and promoting eco-driving activities, as well as changing sales cars to EVs and expanding the use of renewable energy and environmentally friendly energy sources. Moreover, in order to contribute to our customers' reduction of CO<sub>2</sub> emissions, we will expand our LPG delivery streamlining service, switch to highly efficient housing equipment, promote the Mitsuuroko Green Plan, and work toward the transition of label-less PET bottles for mineral water.

##### **(ii) Contribution to local communities**

The business operation of the Mitsuuroko Group has been supported by many stakeholders until now. Within these stakeholders, it must not forget the indispensable role of local communities. The Mitsuuroko Group has traditionally built relationships of trust with local communities through not only its business relationships but also through connecting with them in other ways, such as by participating in community cleanup activities and events as well as charity activities and sports. The Mitsuuroko Group aims to coexist and prosper together with these local communities through working as hard as possible on initiatives that it can and should do in serving them as a corporate citizen, no matter how small.

##### **(iii) Thorough compliance**

In the management philosophy, the Mitsuuroko Group has set forth that it consistently conducts its business with integrity and from the customer's perspective, advocating the need for legal compliance in management and business operation. While thoroughly maintaining internal controls that have been effective and appropriate so far, we continuously maintain our legal compliance system through means such as conducting various types of compliance training, producing original training videos on non-compliance cases, and ensuring employees carry compliance cards. Going forward, we will continue to strive for sincere management and business activities based on high ethical standards, always from the perspective of corporate social responsibility.

##### **(iv) Enhancement of safety and disaster response measures**

Safety is indispensable element because of the nature of all businesses the Mitsuuroko Group promotes. With its mainstay energy-related products directly linked to our lives as lifelines, the Mitsuuroko Group's mission is to contribute to society through the stable supply of energy as well as safe, reliable, and prompt logistics services. In light of the experience and lessons of the Great East Japan Earthquake and the impact of frequent large-scale natural disasters occurring in recent years, such as typhoons, floods, and heat waves, it recognizes the necessity and importance of disaster prevention and is working to enhance disaster response measures, including disaster prevention measures and support systems, BCP, etc.

##### **(v) Health-focused management**

Understanding that human resources are our greatest asset, the Mitsuuroko Group considers the health management of employees, who are the source of its future growth as an important management issue. Based on the "Mitsuuroko Group Healthcare Declaration," it respects the fact that each individual faces a variety of life stages, and it supports its employees in enabling them to autonomously and proactively manage their health through a variety of initiatives and information dissemination. As a leading company in health-focused management, it will continue to provide support and engage in even more comprehensive initiatives through

further promoting physical and mental health to prevent illnesses, and promoting work styles in line with new normal, including those that address the COVID-19 pandemic.

(vi) Promotion of diversity

The Mitsuuroko Group has grown from its principle of evolving and changing with the times as an “environmentally adaptive enterprise” whose subsistence derives from requirements of respective eras. Going forward, rather than having to catch up and adapt to its surroundings, it must propose solutions and create new and beneficial conditions to achieve sustainable growth. It is therefore essential that the Mitsuuroko Group fosters a corporate culture that embraces diversity as a strength, creating an organization not bounded by precepts such as new graduate or mid-career, form of employment, nationality, gender, and age. The Mitsuuroko Group aspires to shaping a new era by being “an enterprise that creates favorable cycle” and “seeking continuous change.”

We will continue to strive for sincere management and business activities based on high ethical standards, and contribute to the sustainable development of society as “a Lifestyle Producer,” while constantly taking the perspective of corporate social responsibility.

We appreciate our shareholders’ understanding of the Group’s management activities and ongoing support.

**(5) Main business activities (as of March 31, 2023)**

Business department	Main products, goods and business activities
Energy Solutions Business	Gasoline, diesel fuel, heating oil, LPG, city gas, coal briquettes, charcoal briquettes, etc., housing equipment for burning and kitchen use, and sale and logistics services of energy-related products
Power & Electricity Business	Electricity wholesales to power companies, and electricity retail to general consumers
Foods Business	Management of in-facility stalls, cafeterias, burger restaurant chains, voluntary chain stores, fresh bakeries and cafés, and manufacture and sale of beverages
Living & Wellness Business	Leasing of real estate such as office buildings and rental apartments, and management of commercial facilities for living and wellness such as hot bath facilities
Overseas Business	Investment in business, supporting business outside Japan, and self-storage business
Others	Leasing business, insurance agency business, printing business, sale of information equipment, and e-commerce business

**(6) Main business office and factories (as of March 31, 2023)**

(i) Main office of the Company

Head office 3-1-1 Kyobashi, Chuo-ku, Tokyo

(ii) Main subsidiaries, etc.

Mitsuuroko Vessel Co., Ltd.	Chuo-ku, Tokyo
Logitri Holdings Co., Ltd.	Chuo-ku, Tokyo
Mitsuuroko Green Energy Co., Ltd.	Chuo-ku, Tokyo
Mitsuuroko Foods Co., Ltd.	Chuo-ku, Tokyo
MITSUUROKO Co., Ltd.	Chiyoda-ku, Tokyo
Mitsuuroko Creative Solutions Co., Ltd.	Omiya-ku, Saitama-shi
Triforce Corporation	Chuo-ku, Tokyo
TRIFORCE INVESTMENTS PTE. LTD.	Singapore
General Storage Company Pte. Ltd.	Singapore



**(7) Status of employees (as of March 31, 2023)**

Business division	Number of employees	Changes from the end of the previous fiscal year
Energy Solutions Business	1,076 persons	6 employees increased
Power & Electricity Business	150 persons	No change
Foods Business	368 persons	32 employees decreased
Living & Wellness Business	39 persons	1 employee decreased
Overseas Business	37 persons	4 employees decreased
Others	21 persons	4 employees increased
All companies (common)	53 persons	No change
Total	1,744 persons	27 employees decreased

(Note) All companies (common) refer to the number of personnel in the management departments (General Affairs, Accounting, Finance, Human Resources Departments, etc.) of the Company and its consolidated subsidiaries.

**(8) Main lenders and amount borrowed (as of March 31, 2023)**

Lender	Transaction amount (Millions of yen)
Sumitomo Mitsui Banking Corporation	8,809
MUFG Bank, Ltd.	2,550
The Bank of Yokohama, Ltd.	2,536
Mizuho Bank, Ltd.	1,555

**(9) Other important matters regarding the current status of the corporate group**

Not applicable.

## 2. Current status of the Company

### (1) Status of shares (as of March 31, 2023)

- (i) Total number of authorized shares 197,735,000 shares  
(ii) Total number of issued shares 60,134,401 shares

(Note) Compared to the end of the previous fiscal year, the total number of issued shares decreased by 500,165 shares due to the number of treasury shares cancelled as of March 31, 2023.

- (iii) Number of shareholders 4,516

#### (iv) Major shareholders (top 10)

Shareholder	Number of shares held (shares)	Shareholding ratio (%)
Meiji Yasuda Life Insurance Company	4,990,000	8.30
ENEOS Holdings, Inc.	4,564,040	7.59
Tajima Inc.	4,327,000	7.20
Sompo Japan Insurance Inc.	3,681,173	6.12
Mizuho Trust & Banking Co., Ltd., Retirement Benefit Trust Account for Mizuho Bank, Ltd.	3,004,900	5.00
The Master Trust Bank of Japan, Ltd. (Trust account)	2,995,800	4.98
Rinnai Corporation	2,694,064	4.48
HASHIMOTO SANGYO Co., Ltd.	1,926,500	3.20
National Mitsuuroko Association Stock Ownership Association	1,747,584	2.91
Paloma Co., Ltd.	1,685,124	2.80

- (Notes) 1. The Company owns 1,000 treasury shares (excluding 567,900 shares of the Company owned by Custody Bank of Japan, Ltd. (Trust E account) in relation to the Board Benefit Trust (BBT)).
2. The shareholding ratio is calculated after deducting treasury shares. The shares of the Company owned by Custody Bank of Japan, Ltd. (Trust E account) in relation to the Board Benefit Trust (BBT) are excluded from the treasury shares that is deducted from the total number of issued shares at the end of the fiscal year in the calculation of the shareholding ratio (567,900 shares at the end of the current fiscal year under review).

#### (Reference) Cross-shareholdings

##### (1) Policy on cross-shareholdings

The Company's policy is to hold shares that contribute to enhancing corporate value over the medium- to long-term, after comprehensively considering their importance in relation to its business strategy, relationships with business partners, and other factors. Each year, the Board of Directors examines the significance of acquiring and holding each individual stock and their profitability based on the cost of capital, etc., thus regularly verifying the appropriateness of holding these stocks. Furthermore, the Company has established a policy of selling any stocks that it is unable to recognize the rationality of holding as a result of verifying the significance and purpose of holding them and will take steps to reduce the number of such shares that it holds.

##### (2) Standard for exercising voting rights for cross-shareholdings

The Company appropriately exercises voting rights based on a comprehensive assessment of whether to vote for or against each proposal, taking into consideration factors such as the establishment of appropriate corporate governance systems, the enhancement of the corporate value of the investee over the medium- to long-term, and the impact on the Company. If necessary, we will discuss the content of proposals, etc., with issuers.

(3) Total amount on the balance sheet of investment shares held for purposes other than pure investment  
¥32,791 million

**(2) Status of share acquisition rights, etc.**

Not applicable.

**(3) Status of corporate officers**

(i) Status of Directors (as of March 31, 2023)

Position in the Company	Name	Responsibility and significant concurrent positions outside the Company
Representative Director and President	Kohei Tajima	General management Chief Executive Officer Representative Director and President of MITSUUROKO Co., Ltd., Director of Mitsuuroko Green Energy Co., Ltd., Representative Director and President of Mitsuuroko Foods Co., Ltd., Chairman of the Board of Directors of Carl's Jr. Japan Inc., Director of Triforce Corporation, Chairman of the Board of Directors of Mitsuuroko Tech Co., Ltd., Director of TRIFORCE INVESTMENTS PTE. LTD., External Director of SANRIN Co., Ltd., Chairman and Director of Niigata Sanrin Co., Ltd., and External Director of Television Kanagawa Inc.
Director	Atsushi Futami	Power & Electricity Business Representative Director and President of Mitsuuroko Green Energy Co., Ltd., and Director of Mitsuuroko Tech Co., Ltd.
Director	Kazuhiro Kojima	Group Chief Financial Officer Finance & Control, Legal & Secretary Others (operational and system support) Representative Director and President of Mitsuuroko Creative Solutions Co., Ltd., Director of MITSUUROKO Co., Ltd., Director of Mitsuuroko Green Energy Co., Ltd., Director of MITSUUROKO LEASE Co., Ltd., Director of Triforce Corporation, Director of TRIFORCE INVESTMENTS PTE. LTD., and Audit & Supervisory Board Member of Niigata Sanrin Co., Ltd.
Director	Manabu Sakanishi	Energy Solutions Business Representative Director and President of Mitsuuroko Vessel Co., Ltd., Representative Director and President of Logitri Holdings Co., Ltd., External Director of IRUMA GAS CO., LTD., Director of Mitsuuroko Creative Solutions Co., Ltd., and Director of Mitsuuroko Tech Co., Ltd.
Director	Jun Kawakami	Mobility Business, Others (leasing) Representative Director and President of MITSUUROKO LEASE Co., Ltd. and Representative Director and President of Mitsuuroko Tech Co., Ltd.
Director	Motoyasu Omori	Foods Business Director of Mitsuuroko Foods Co., Ltd. and Director of Mitsuuroko Tech Co., Ltd.

Position in the Company	Name	Responsibility and significant concurrent positions outside the Company
Director	Goh Wee Meng	Group Chief Technology Officer, Group Chief Information Officer, Group Global Chief Inclusion & Diversity Officer Global Planning, ICT Planning (planning, maintenance and promotion of information infrastructure), and Inclusion & Diversity Director of MITSUUROKO Co., Ltd. and Director of TRIFORCE INVESTMENTS PTE. LTD.
Director	Katsuhisa Yanagisawa	Full-time Advisor of SANRIN Co., Ltd.
Director	Kaori Matsui	Representative Director of Japan Innovation & Succession Inc., Representative Director of Eve Communications Inc., and Representative Director of Japan Innovation & Succession Foundation.
Director (Audit and Supervisory Committee Member)	Hideo Sugahara	Director of Sugahara Accounting Office
Director (Audit and Supervisory Committee Member)	Yoshiyuki Kawano	Head of the Urology Department of Kobayashi Hospital, Head of the Prostatic Gland Center of Kobayashi Hospital, and Representative Partner of BLUFF45 GK
Director (Audit and Supervisory Committee Member)	Kei Tajima	Representative Director and President of OrgoVere Co., Ltd.

(Notes) 1. Directors Katsuhisa Yanagisawa, Kaori Matsui, Hideo Sugahara, Yoshiyuki Kawano and Kei Tajima are External Directors.

The Company has submitted notification to Tokyo Stock Exchange, Inc. that Kaori Matsui, Hideo Sugahara, and Yoshiyuki Kawano have been designated as “Independent Officers” as provided for by the aforementioned exchange.

2. Director Hideo Sugahara is a Certified Tax Accountant with considerable knowledge of finance and accounting.
3. Under a company with an Audit and Supervisory Committee, the Audit and Supervisory Committee plays a central role in conducting organizational audits through the internal control system. For this reason, selecting full-time Members for the Audit and Supervisory Committee is not always necessary, and we therefore do not do so.

#### (ii) Summary of details of limited liability agreement

The Company stipulates in its Articles of Incorporation that it is able to conclude an agreement that limits liability for damages under Article 423, paragraph (1) of the Companies Act, as provided for in Article 427, paragraph (1) of the same Act, and has concluded a limited liability agreement with each of its External Directors. Pursuant to this agreement, the defined maximum amount of liability for damages, if the External Directors have acted in good faith and without gross negligence in performing their duties, shall be the minimum liability amount provided for under Article 425, paragraph (1) of the Companies Act.

#### (iii) Summary of details of liability insurance policy for Directors, etc.

The Company has entered into a liability insurance policy for Directors, etc. with an insurance company as provided for in Article 430-3, paragraph (1) of the Companies Act. Under the policy, the insured persons are the Directors and Audit & Supervisory Board Members of the Company and the consolidated subsidiaries listed below (including those who were working during the current fiscal year). In addition, a portion of the insurance premium is borne by the insured persons of Mitsuuroko Group Holdings Co., Ltd. and Mitsuuroko Vessel Co., Ltd.

In summary of the details of the insurance policy, the insurance company will compensate for damages that may occur as a result of the insured persons being liable for the performance of their duties or receiving a claim for pursuing the said liability. The insurance policy is updated every year.

MITSUUROKO Co., Ltd.

Mitsuuroko Vessel Co., Ltd.

Logitri Holdings Co., Ltd.  
Mitsuuroko Green Energy Co., Ltd.  
Mitsuuroko Foods Co., Ltd.  
Carl's Jr. Japan Inc.  
MITSUUROKO LEASE Co., Ltd.  
Mitsuuroko Creative Solutions Co., Ltd.  
Mitsuuroko Beverage Co., Ltd.  
Shizuoka Mitsuuroko Foods Co., Ltd.  
TRIFORCE INVESTMENTS PTE. LTD.  
General Storage Company Pte. Ltd.

(iv) Remuneration for Directors, etc.

A. Policy on determining the remuneration, etc. for Officers

At the Board of Directors meeting held on January 20, 2021, the Company passed a resolution for a policy on determining the remuneration, etc. for each individual Director (excluding Directors who are Audit and Supervisory Committee Members; the same shall apply hereinafter).

In addition, the Board of Directors has confirmed that the method of determining the remuneration, etc. and the remuneration, etc. that were determined for each individual Director in the current fiscal year are consistent with the aforementioned policy, and are therefore judged to be in line with the policy.

The contents of the policy on determining the remuneration, etc. for each individual Director are as follows.

a. Basic policy

The basic policy of the Company is to determine the remuneration of Directors such that it is suitable and appropriate in light of Directors' roles and responsibilities, taking into consideration the business performance of the Company. Specifically, remuneration for Executive Directors consists of basic remuneration and a "Board Benefit Trust (BBT)," which is a form of performance-linked stock remuneration. Remuneration for External Directors, who are primarily responsible for supervisory functions, consists solely of basic remuneration in light of their duties.

b. Policy on determining basic remuneration (monetary remuneration)

Basic remuneration for the Company's Directors consists of fixed monthly remuneration and is determined after comprehensively taking into consideration such factors as remuneration levels at other companies, the business performance of the Company, and the levels of employee salaries, in addition to the positions, responsibilities, etc., of Directors.

c. Policy on determining performance-linked remuneration, etc., and non-monetary remuneration, etc.

At the 107th Ordinary General Meeting of Shareholders held on June 28, 2016, a resolution was adopted in relation to a "Board Benefit Trust (BBT)" as a form of performance-linked stock remuneration for Directors (excluding External Directors and Directors who are Audit and Supervisory Committee Members; hereinafter, referred to as the "Eligible Directors" in this and the following paragraph) (furthermore, the trust established based on this plan is hereinafter referred to as the "Trust").

As set forth in the resolution, Eligible Directors are granted several points for each fiscal year, determined after taking into consideration their position, the degree of achievement of business performance targets (the degree of achievement of the target for profit before income taxes on the consolidated statement of income), and other factors, in accordance with the Officer Share Benefit Regulations (the maximum total number of points granted to Eligible Directors per fiscal year shall be 100,000 points). Furthermore, when granting the Company's shares, etc., the points granted to Eligible Directors are converted at a rate of one share of the Company's common stock per point (however, in the event of a share split, gratis allotment of shares, consolidation of shares, etc., in relation to the Company's shares, the conversion ratio shall be reasonably adjusted according to the ratio thereof, etc.). The number of points for the Eligible Directors to be used as the basis for the granting of the Company's

shares, etc., is calculated by aggregating the points granted to the Eligible Directors through the time of their retirement and then multiplying the result by a predetermined coefficient set for each reason for retirement (hereinafter, the points thus calculated are referred to as the “confirmed number of points”).

If an Eligible Director retires and satisfies the beneficiary requirements set forth in the Officer Share Benefit Regulations, he or she will be granted a number of the Company’s shares corresponding to the “confirmed number of points” from the Trust after their retirement, when he or she completes the prescribed beneficiary confirmation procedures; provided, however, that in cases when the requirements provided for in the Officer Share Benefit Regulations are satisfied, the Eligible Director in question shall be paid cash equivalent to the market value of a certain percentage of the Company’s shares, in place of the granting of those shares of the Company. The amount of remuneration, etc., to be received by Eligible Directors shall be based on the amount obtained by multiplying the total number of points granted to each Eligible Director by the book value per share of the Company held in the Trust, at the time the points are granted (however, in the event of a share split, gratis allotment of shares, consolidation of shares, etc., in relation to the Company’s shares, the conversion ratio shall be reasonably adjusted according to the ratio thereof, etc.). In addition, if deemed appropriate, this amount shall be added to any money paid in accordance with the provisions of the Officer Share Benefit Regulations.

- d. Policy on determining the ratio of the amount of basic remuneration (monetary remuneration), performance-linked remuneration, etc., or non-monetary remuneration, etc., for the amount of individual remuneration, etc., for each Director

In addition to basic remuneration, Executive Directors receive performance-linked stock remuneration (BBT), classified as performance-linked remuneration, etc., and non-monetary compensation, etc. However, the ratio of basic remuneration, performance-linked remuneration, and non-monetary remuneration is not set in advance given the nature of performance-linked stock remuneration (BBT), such as the fact that, as described in item c. above, a number of points (a maximum of 100,000 points per fiscal year) are granted to Eligible Directors in accordance with the Officer Share Benefit Regulations for each fiscal year, taking into consideration their positions, the degree of achievement of business performance targets, and other factors, and a number of the Company’s shares, etc., that is equivalent to the confirmed number of points at the time of retirement is granted, as well as the fact that this plan was introduced in place of the payment of retirement benefits. However, basic remuneration shall be the principal remuneration for Executive Directors.

Remuneration for External Directors consists solely of basic remuneration, as described in item a. above.

- e. Matters concerning the determination of the contents of remuneration, etc. for individual Directors

Of remuneration, etc., for individual Directors, decisions concerning the specific amount of basic remuneration are delegated to the President and Representative Director, based on a resolution of the Board of Directors. This authority covers the setting of payment standards according to positions, responsibilities, etc., and the amount of basic remuneration for each individual based on such standards. To ensure that the President and Representative Director appropriately exercise this authority, the Representative Director shall make decisions concerning the establishment of payment standards in accordance with positions, responsibilities, etc., after consulting with and receiving reports from independent External Directors.

Furthermore, the specific content of performance-linked stock remuneration (BBT) for individual Executive Directors is determined in accordance with the Officer Stock Benefit Regulations.

B. Total amount of remuneration, etc. for the current fiscal year

Officer category	Total amount of remuneration, etc. (Millions of yen)	Total amount by type of remuneration, etc. (Millions of yen)		Number of target Officers (Persons)
		Basic remuneration	Performance-linked stock remuneration	
Directors (excluding Directors who are Audit and Supervisory Committee Members)	314	275	39	9
[External Directors within]	[14]	[14]	–	[2]
Directors who are Audit and Supervisory Committee Members	21	21	–	3
[External Directors within]	[21]	[21]	–	[3]
Total	335	296	39	12
[External Officers within]	[35]	[35]	–	[5]

(Notes) 1. The amount of the above remuneration, etc. includes the provision for share awards of ¥39 million that was recorded in the current fiscal year.

2. The indicator of performance-linked remuneration is “profit before income taxes” in the consolidated statement of income. This is to allow all Directors to promote a way of management that gives consideration to the continual improvement of the corporate value of the Group, by sharing returns with shareholders with the cost of capital in mind. The target value for the indicator of performance-linked remuneration in the fiscal year under review was ¥4,700 million, while the actual value was ¥11,678 million. The target value for profit before income taxes in the fiscal year ending March 31, 2024 is ¥12,000 million.

3. At the 106th Ordinary General Meeting of Shareholders held on June 26, 2015, the amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) was resolved to be no more than ¥300 million per year (note that salary for employees is not included). The number of Directors at the conclusion of this General Meeting of Shareholders was nine (including two External Directors). In addition, separately from this, at the 107th Ordinary General Meeting of Shareholders held on June 28, 2016, a resolution was passed to adopt “Board Benefit Trust (BBT)” as performance-linked stock remuneration for Directors other than External Directors. The number of Directors (excluding External Directors and Directors who are Audit and Supervisory Committee Members) at the conclusion of this General Meeting of Shareholders was seven. The conditions for allocating performance-linked stock remuneration are as described in “A. Policy on determining the remuneration, etc. for Officers.”

4. At the 106th Ordinary General Meeting of Shareholders held on June 26, 2015, the amount of remuneration for Directors who are Audit and Supervisory Committee Members was resolved to be no more than ¥100 million per year. The number of Directors who are Audit and Supervisory Committee Members at the conclusion of this General Meeting of Shareholders was three.

5. The Board of Directors has passed a resolution that the remuneration for each Director be determined by Representative Director and President Kohei Tajima, as stated in “e. Matters concerning the determination of the contents of remuneration, etc. for individual Directors” on page 38, for the reason that Representative Director and President is eligible for evaluating the divisional performance that each Director undertakes, after considering the performance, etc. of the entire Group. Also, the total amount of performance-linked stock remuneration is reported to the Board of Directors every year through the company’s performance as soon as it is confirmed according to the prescribed rules.

(v) Matters concerning external Officers

A. Significant concurrent positions as a business executor of another corporation, etc. and the relationship between the Company and the other corporation, etc.

- Director Katsuhisa Yanagisawa also serves as a full-time advisor to SANRIN Co., Ltd. The Company and SANRIN Co., Ltd. have a competitive relationship, although their business areas are different.
- Director Kaori Matsui is the Representative Director of Japan Innovation & Succession Inc. and Eve Communications Inc. She is also the Representative Director of Japan Innovation & Succession Foundation. There is no special relationship between the Company and Japan Innovation & Succession Inc., Eve Communications Inc. and Japan Innovation & Succession Foundation.

- Director who is an Audit and Supervisory Committee Member Hideo Sugahara is a Representative Certified Tax Accountant of Sugahara Accounting Office. There is no special relationship between the Company and the accounting office.
  - Director who is an Audit and Supervisory Committee Member Yoshiyuki Kawano is a doctor at Kobayashi Hospital. The Company and MITSUUROKO Co., Ltd. have entered into an agreement regarding industrial physicians with BLUFF45 GK, of which Mr. Kawano is the Representative Partner. However, the consignment fee therein is extremely small as it is less than 0.01% of the Group's consolidated selling costs and general administrative costs. There are no other special interests between the Company and the said company.
  - Director who is an Audit and Supervisory Committee Member Kei Tajima is Representative Director and President of OrgoVere Co., Ltd. There is no special relationship between the Company and OrgoVere Co., Ltd.
- B. Significant concurrent positions as an external Officer of another corporation, etc. and the relationship between the Company and the other corporation, etc.
- Not applicable.



C. Status of main activities in the current fiscal year

Classification	Name	Status of attendance, status of remarks, and summary of duties performed for the expected roles of External Directors
External Directors	Katsuhisa Yanagisawa	Mr. Yanagisawa attended 13 of the 13 Board of Directors meetings held this fiscal year. With his abundant experience and wide-ranging viewpoints as a Corporate Manager, he has further strengthened the management system through means such as giving advice on management supervision and general management, and has also provided useful suggestions to enhance corporate governance, offered advice on the management of the Group, and supervised business administration from a practical and multifaceted standpoint.
	Kaori Matsui	Ms. Matsui attended 13 of the 13 Board of Directors meetings held this fiscal year. Having held numerous positions in corporate management, she is responsible for giving advice on managing the Group and supervising business administration with her practical and multifaceted perspective as a Corporate Manager. In addition, given her notable wealth of experience and knowledge pertaining to M&A, she has also provided useful suggestions regarding not only overall management, but also matters such as M&A and organizational restructuring, which play a part in improving corporate values over the medium to long term, and has made statements to ensure the fairness and legitimacy of the Board of Directors' decision-making from an objective and neutral standpoint.
External Directors who are Audit and Supervisory Committee Members	Hideo Sugahara	Mr. Sugahara attended 13 of the 13 Board of Directors meetings and 13 of the 13 Audit and Supervisory Committee Meetings held this fiscal year. With his professional perspective as a Certified Tax Accountant, he has worked to further strengthen the management system by supervising management from an independent standpoint, and has also made useful recommendations for enhancing compliance and corporate governance, and necessary remarks about the Company's accounting system and internal audits at the Audit and Supervisory Committee Meetings.
	Yoshiyuki Kawano	Mr. Kawano attended 13 of the 13 Board of Directors meetings and 13 of the 13 Audit and Supervisory Committee Meetings held this fiscal year. He has worked as a doctor for many years, and with his highly specialized expertise in the profession, he is affiliated with many medical societies and plays an active role in them. Since he also serves as an industrial physician to the Company, he has abundant experience, achievements, and insights in the position, and has provided highly effective advice and recommendations in a wide range of fields including general management and health management. At Audit and Supervisory Committee Meetings, he has also made appropriate and necessary remarks about the Company's compliance system and internal audits.
	Kei Tajima	Mr. Tajima attended 13 of the 13 Board of Directors meetings and 13 of the 13 Audit and Supervisory Committee Meetings held this fiscal year. He has supervised management and provided advice and recommendations for overall management based on his abundant experience and wide-ranging insights as a Corporate Manager. At Audit and Supervisory Committee Meetings, he has also made appropriate and necessary statements to ensure the legality of the Board of Directors' decision-making from an objective and neutral standpoint.

(Note) In the relevant fiscal year, the Board of Directors meeting was held 13 times (in addition, pursuant to the provisions of Article 370 of the Companies Act and Article 25, paragraph 2 of the Company's Articles of Incorporation, there were nine written resolutions that were deemed to have been resolved by the Board of Directors), and the Audit and Supervisory Committee Meeting was held 13 times.

#### (4) Status of Financial Auditor

(i) Name: KPMG AZSA LLC

(ii) Amount of remuneration, etc.

	Amount of remuneration, etc.
· Amount of remuneration, etc. for the Financial Auditor in the current fiscal year	¥52 million
· Total amount of monetary and other property benefits payable by the Company and its subsidiaries to the Financial Auditor	¥114 million

- (Notes)
1. In the audit agreement between the Company and the Financial Auditor, no distinction is made between the remuneration, etc. for audits based on the Companies Act and the remuneration, etc. for audits based on the Financial Instruments and Exchange Act, nor is such a distinction effectively possible. Therefore, the total amount of remuneration, etc. for both types of audits is stated as the amount of remuneration, etc. for the Financial Auditor in the current fiscal year.
  2. Following the “Practical Guidelines for Cooperation with Financial Auditors” that was published by the Japan Audit & Supervisory Board Members Association, the Audit and Supervisory Committee obtained necessary materials and received reports from Directors, related departments within the Company, and the Financial Auditor. After this, the committee checked the actual audit time spent for each audit item, along with changes in the remuneration amount, and the job performance status of the Financial Auditor in the audit plans of previous years. In addition, they then verified and reviewed the adequacy of the audit plan and amount of remuneration, etc. for the current fiscal year. As a result of these activities, the committee agreed to Article 399, paragraphs (1) and (3) of the Companies Act regarding the compensation of Financial Auditors.
  3. Among the major subsidiaries of the Company, the overseas subsidiaries have been audited by an audit corporation other than the Financial Auditor of the Company.

(iii) Details of non-audit duties

The Company entrusts its Financial Auditor with financial due diligence and tax due diligence, which are duties (non-audit duties) not part of Article 2, paragraph (1) of the Certified Public Accountants Act, and has paid a total of ¥17 million as consideration therefor.

(iv) Policy on determining whether to dismiss or not reelect the Financial Auditor

If the Financial Auditor is deemed to fall under any of the items stipulated in Article 340, paragraph (1) of the Companies Act, the Audit and Supervisory Committee may dismiss the Financial Auditor with the consent of all Audit and Supervisory Committee Members. In this case, the Audit and Supervisory Committee Members that are elected by the Audit and Supervisory Committee will report the dismissal of the Financial Auditor and the reasons for the dismissal at the first General Meeting of Shareholders held after the dismissal.

In addition, if it is deemed necessary to change the Financial Auditor in consideration of factors such as the Financial Auditor’s performance of duties and the Company’s audit system, the Audit and Supervisory Committee will determine the details of the proposal on the dismissal or non-reelection of the Financial Auditor that is to be submitted to the General Meeting of Shareholders.

## **(5) System for ensuring the adequacy of operations**

At the Board of Directors meeting held on September 14, 2015, the Company passed a resolution for a basic policy on building a system that ensures the adequacy of the Company's operations (the "internal control system"), pursuant to the Companies Act and the Regulation for Enforcement of the Companies Act.

- (i) Systems to ensure that Directors and employees execute their duties in compliance with laws and regulations and the Articles of Incorporation

The Charter of Corporate Ethics and other rules concerning compliance systems shall constitute a code of conduct to ensure that the Board of Directors and employees comply with laws, regulations, the Articles of Incorporation, and social norms. In addition, to ensure the thorough implementation of these rules, the Legal & Secretary shall supervise compliance efforts across the Company, and it shall also play a central role in making reports to the Board of Directors and the Audit and Supervisory Committee. The Company will also establish and operate a compliance hotline for employees to directly provide information on legally questionable activities, etc. Furthermore, if any violation of laws, regulations or the Articles of Incorporation is discovered, it shall be reported to the Board of Directors in accordance with the Compliance Rules, and the Company shall subsequently endeavor to address the matter while cooperating with external experts as necessary.

- (ii) Systems for preserving and managing information on the execution of duties by Directors

In accordance with the Document Management Regulations, the Company records and preserves information pertaining to the execution of duties by Directors as documents or electromagnetic media (hereinafter, referred to as "documents"). The Board of Directors and Directors who are Audit and Supervisory Committee Members shall be able to inspect these documents at any time, in accordance with the Document Management Regulations.

- (iii) Rules and other systems for managing the risk of loss

With regard to risks related to compliance, disasters and accidents, the environment, quality, information security, and other factors, the respective departments in charge shall establish rules and guidelines, conduct training, prepare and distribute manuals, etc. The Board of Directors shall address newly occurring risks by promptly designating Directors who will act as managers responsible for a response. In addition, the Board of Directors verifies the risks associated with business execution every year and reviews risk management systems as necessary.

- (iv) Systems to ensure the efficient execution of duties by Directors

The Company clearly defines the methods by which it makes decisions in the Approval Regulations and makes decisions in ways suited to their importance. In addition, authorities and responsibilities related to the execution of duties are clearly defined in the Regulations on the Division of Duties, the Regulations on Operational Authority, and other internal regulations. In this way, duties are executed efficiently.

In addition, the Internal Auditing audits the status of the execution of these operations to ascertain their status and make improvements.

- (v) System for ensuring the appropriateness of the business operations of the corporate group consisting of the Company and its subsidiaries

In addition to appointing Directors responsible for the businesses of each segment in the Group and giving them the authority and responsibility to establish legal compliance and risk management systems, Finance & Control promotes and manages these across the Company.

- (1) In accordance with the Regulations on the Management of Affiliated Companies and other related regulations, the Company appoints Directors and departments to oversee subsidiaries, and subsidiaries provide reports on the execution of duties and the status of their businesses.

- (2) The Company takes steps to establish compliance systems for the Company and subsidiaries and conducts ongoing compliance education and training for officers and employees of the Company and subsidiaries.
  - (3) The Company and subsidiaries execute business operations according to the internal regulations of each company, and the internal regulations are revised as needed.
  - (4) Divisions in charge of risk management are established within the Company and each subsidiary with the Company as a direct parent company. Each company also cooperates in the sharing of information.
  - (5) The Company's Internal Auditing conducts audits of the overall operations of the Company and subsidiaries and provides verification, advice, etc.
- (vi) Systems for reporting matters pertaining to the execution of duties by Directors of subsidiary companies, etc., to the Company

In accordance with the Regulations on the Management of Affiliated Companies, the Company clearly defines the matters that require approval by the Company, matters that must be reported to the Company, etc., and monitors the status of the execution thereof, while respecting the autonomy of subsidiaries.

- (vii) Rules and other systems for managing the risk of loss at subsidiaries

- (1) The Company has established basic policies on risk management for the Group as a whole.
- (2) The Company will establish a department to supervise risk management for the Group as a whole and appoint responsible managers.
- (3) The General Managers of each business division manage risks for the division they are in charge of, in accordance with the basic policies on risk management.
- (4) Important subsidiaries establish basic policies on risk management and manage risks themselves. Important subsidiaries also provide reports to the Company on the status of risk management, at regular intervals or as necessary.
- (5) Subsidiaries under the Company's direct control oversee risk management for their subsidiaries.

- (viii) Systems to ensure the efficient execution of duties by Directors of subsidiaries, etc.

- (1) The Company reviews the organizational design and business execution systems of subsidiaries at regular intervals, taking into consideration factors such as the business and scale of the subsidiaries, and their position within the Group, and supervises them to ensure that systems are established for the efficient execution of their duties.
- (2) With regard to decision-making at subsidiaries, the Company has clarified the authorities and responsibilities of persons who execute business at subsidiaries in accordance with the subsidiaries' Board of Directors Regulations, the Regulations on Operational Authority, and various other regulations. The Company also provides guidance necessary to ensure the systematic and efficient execution of business operations.
- (3) The Company's Board of Directors verifies internal control plans for financial reporting reported annually by the Head of Finance & Control and shares this information with Group companies.

- (ix) System to ensure that the Directors, etc., and employees of subsidiaries execute their duties in compliance with laws and regulations and the Articles of Incorporation

- (1) The Company takes steps to disseminate the Group's Code of Corporate Conduct among the officers and employees of subsidiaries, to ensure that they comply with laws, regulations, the Articles of Incorporation, and internal regulations, and execute business operations honestly and fairly.
- (2) The Company has established basic policies on compliance for the Group.
- (3) Subsidiaries promote compliance themselves according to the Group Basic Compliance Policy.

- (4) Important subsidiaries also provide reports to the Company on compliance status at regular intervals or as necessary.
- (5) Subsidiaries promote the establishment of compliance systems suited to the content and scale of their businesses and other circumstances while referring to the Compliance Guidelines established by the Company.
  
- (x) Matters related to employees to assist Audit and Supervisory Committee Members in their duties, in cases when the Audit and Supervisory Committee has requested the assignment of such employees

If Directors who are Audit and Supervisory Committee Members request that employees be assigned to assist them with their duties, the Company will appoint persons deemed suitably qualified after consulting with Directors who are Audit and Supervisory Committee Members.

- (xi) Matters Concerning the independence of said employees from Directors

- (1) Directors who are Audit and Supervisory Committee Members may provide orders as necessary for audit services to employees providing assistance. If an employee providing assistance receives an order necessary for audit operations from a Director who is an Audit and Supervisory Committee Member, the employee in question will not accept any orders from Directors, the General Manager of the Internal Auditing, etc.
- (2) The consent of the Audit and Supervisory Committee is required for decisions concerning personnel transfers, personnel evaluations, etc., for employees providing assistance.

- (xii) Matters related to ensuring the effectiveness of instructions given by the Audit and Supervisory Committee to Directors and employees assisting them with their operational duties

Directors and employees cooperate in developing an audit environment where employees providing assistance can perform their operational duties without issue.

- (xiii) Systems for Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees to make reports to the Audit and Supervisory Committee

The Company will establish systems to ensure that Directors and employees make prompt reports to the Audit and Supervisory Committee on statutory matters, as well as matters that significantly impact the Company and the Group, the implementation status of internal audits, and the status of reporting via the compliance hotline and the content thereof. The method of making these reports (persons to make reports, persons to receive reports, the timing of reports, etc.) shall be determined through consultation between the Board of Directors and the Audit and Supervisory Committee.

- (xiv) Systems for subsidiaries' Directors, Audit & Supervisory Board Members, Executive Officers, employees who execute business operations, other persons equivalent thereto, and employees, as well as persons who have received reports from these persons, to provide reports to the Audit and Supervisory Committee

- (1) The Company will establish systems in advance with its subsidiaries whereby the Directors, Audit & Supervisory Board Members, employees, etc., of subsidiaries, or persons who have received reports from these persons, may make reports to Directors, employees, etc., of the Company, either via the Board of Directors or Audit & Supervisory Board Members of the subsidiaries or directly.
- (2) The Company will establish a system in which a prompt report to the Audit and Supervisory Committee of the Company will be made when Directors, employees, etc., of the Company, receive reports from Directors, Audit & Supervisory Board Members, employees, etc., of subsidiaries, or persons who have received reports from these persons.

(xv) Systems to ensure that persons who make reports are not treated disadvantageously as a result of making the report

- (1) There shall be an attorney at the contact point for the internal reporting system, and if an internal report is made, the attorney shall promptly report the content of the case to the Audit and Supervisory Committee of the Company, excluding any matters that may identify the whistleblower.
- (2) The fact that a report was made may not be taken into consideration in any transfers, personnel evaluations, disciplinary actions, etc., related to the whistleblower, and the whistleblower may request the Audit and Supervisory Committee to investigate the reason for the transfer, personnel evaluation, disciplinary action, etc.
- (3) The Board of Directors receives regular reports on the status of internal reports and the details of cases and revises the internal reporting system after consulting with the Audit and Supervisory Committee.

(xvi) Matters concerning the procedures for advance payment or reimbursement of expenses incurred in the execution of duties by Audit and Supervisory Committee Members and other policies pertaining to the handling of expenses or obligations incurred in the execution of said duties

When an Audit and Supervisory Committee Member requests the advance payment of expenses incurred in the execution of his or her duties, the reimbursement of expenses paid, etc., or the repayment of obligations borne, the Company complies with the request unless it can be proven that such expenses, etc., did not arise in the execution of his or her duties as Audit and Supervisory Committee Member.

(xvii) Other systems to ensure that audits by the Audit and Supervisory Committee are conducted effectively

The Company establishes regular meetings to exchange opinions between the Audit and Supervisory Committee and the President and Representative Director.

## **(6) Summary of the implementation status of the system for ensuring adequacy of operations**

The Company has a Board of Directors, an Audit and Supervisory Committee, and a Financial Auditor as its corporate governance system. Directors who are Audit and Supervisory Committee Members with voting rights in Board of Directors meetings have improved the effectiveness of audits and supervision, and further strengthened the supervisory function of the Board of Directors by conducting audits.

The main aspects of the implementation status of the system for ensuring adequacy of operations in the current fiscal year are as follows:

(i) Efforts for compliance

- The Company has set “ensuring compliance” as one of its material issues, which are social issues that management intends to address with priority. As part of this, the Company has conducted “IT compliance training,” “harassment training,” and “human rights training” for all Group employees. In addition, compliance training is provided during “training for new employees” and other occasions, and efforts have also been made to facilitate understanding of the basic meaning and importance of compliance, and to raise awareness and knowledge about compliance.
- As part of compliance education, the Group has created a “Compliance Handbook” that summarizes the Code of Conduct that should be followed by Officers and employees by depicting specific examples of duties performed by the Group in comic form. After distributing the handbook to all employees, the Group has repeatedly held reading sessions for each department, which has in turn improved understanding of compliance.
- The Group conducts small group activities at least once a month to discuss topics related to compliance in each department. By giving employees the opportunity to think about compliance on their own, the Group has stimulated each employee’s sense of ownership and awareness of issues, and further improved their awareness of compliance.

- For the purpose of promoting compliance and risk management, the Group has set up a “Risk Management Committee” to supervise the risk management of the entire group, and has appointed an “Internal Control Manager,” “Internal Control Promoter,” and “Internal Control Promotion Committee Member” for each department to disseminate information related to compliance in each department, and to serve as a consultation contact point for employees on-site.
- The Group has received pledges from all administrators to not engage in improper accounting, intentional false reporting, and other fraudulent activities, as well as pledges from all employees to not create compliance violations. By building awareness about compliance among administrators and employees, the Group has prevented scandals and other such incidents from occurring.
- For the purpose of preventing and detecting organizational or personal violations of laws and regulations, fraudulent activities, and other such acts early on, the Group has set up a “Compliance Hotline” with responsible managers of Legal & Secretary and Internal Auditing of the Company, and external law firm as points of contact for consultations. In addition to protecting reporters, such as the company’s employees and business partners who reported/consulted about the violations, Internal Auditing is responsible for investigating facts, while Legal & Secretary takes corrective actions and recurrence prevention measures as necessary.
- For the purpose of responding promptly and minimizing damage when personal or internal information is lost, the Group has created an “Information Security Card” that all employees carry with them at all times. On the card, the Corporate Ethics Charter and the compliance test that urges for legal compliance are also stated, which works to raise awareness of compliance and prevent fraudulent activities, etc.

(ii) Efforts concerning the storage and management of information related to the execution of duties by Directors

In accordance with the Document Management Regulations, information related to the execution of duties by Directors, such as approval documents and minutes of various important meetings such as Board of Directors meetings, is recorded and stored in written or electronic media (“Documents, etc.”). Important minutes such as “minutes of General Meetings of Shareholders” and “minutes of Board of Directors meetings” are kept permanently regardless of the retention period designated by law.

In addition, Directors and Directors who are Audit and Supervisory Committee Members are able to view these Documents, etc. at all times under the Document Management Regulations.

(iii) Efforts for the risk of loss

- A Risk Management Committee has been established under the “Risk Management Rules” provided by the Board of Directors. In the current fiscal year, a Risk Management Committee Meeting was held three times.

The Risk Management Committee oversees manuals on anticipated risks, which are individually developed by each department of the Group, and provides advice on identifying and responding to risks. In order to manage and oversee risks comprehensively, the Risk Management Committee has determined a policy on developing and improving various rules related to risk management.

- For the management of quality-related risks, in order to clearly define the responsibilities for food quality, laws and regulations in particular, two Officers have been appointed as Food Quality Control Managers and are assuming the responsibilities thereof.

Further, for safety-related risks, the Officer in Charge of Risk Management carries out risk management in cooperation with each department.

- For the protection of information, the “Information Management Regulations,” “Confidential Document Management Regulations,” “Document Management Regulations,” “Regulations on Protection of Personal Information” and “Regulations on Protection of Specific Personal Information” have been formulated and implemented with content that complies with revised laws based on “Mitsuuroko Group’s Information Security Management Policy.” In addition, all employees carry with them at all times an “Information Security Card” that was created for the purpose of providing prompt response and minimizing damage when personal or internal information, etc. is lost.

The “Privacy Policy” is also posted on the Company website, which makes it possible to check the efforts being made to protect personal information in line with the revisions to laws and the purpose for using personal information.

(iv) Efforts to ensure the adequacy and efficiency of the execution of duties by Directors

- The decision-making method of the Company is clearly stated in the Internal Approval Regulations, and the Board of Directors makes decisions based on the Internal Approval Regulations and the Rules of the Board of Directors.

In addition, the Regulations on the Division of Duties, the Regulations on Operational Authority and other internal regulations are also clearly stated in writing, and operations are carried out adequately and efficiently based on these regulations.

- In order to make efficient decisions, the Company delegates some important business execution to the Directors based on the resolution of the Board of Directors. In the current fiscal year, a Board of Directors meeting was held 13 times over a one year span (in addition, there are nine written resolutions that are deemed to have been resolved by the Board of Directors pursuant to the provisions of Article 370 of the Companies Act and Article 25, paragraph (2) of the Company’s Articles of Incorporation). At the meetings, Directors discussed matters such as the formulation of a budget, M&A, capital investments, and the establishment and revision of rules based on a management strategy.

(v) Efforts to ensure the adequacy of operations in the Group

- Based on the Group’s Internal Approval Regulations, important matters concerning the Group’s management are approved by the Board of Directors of the Company.
- In addition to appointing Directors to be responsible for the business in each segment of the Group, and giving them the authority and responsibility to establish a legal compliance system and a risk management system, Finance & Control also promotes and manages these systems on a lateral basis.

Each Representative Director of the Group submits a “Monitoring Sheet for the Corporate Governance” to Finance & Control every month. Finance & Control manages the risks related to matters stated in the aforementioned sheet, such as “compliance,” “rule adherence and information sharing,” “personnel,” “financial accounting,” and “business.” Finance & Control reports to the Board of Directors of the Company on a monthly basis about the risks reported in the aforementioned sheet to prevent problems from occurring. In addition, related departments and Internal Auditing investigate the Group companies as necessary, and take corrective measures and recurrence prevention measures through the Company’s Finance & Control.

- Regarding the issues concerning the establishment and implementation of internal controls for financial reporting, the Head of Finance & Control of the Company conducts cross-sectional examinations and adjustments of the Group, and reports to the Board of Directors about the annual plan for internal controls related to financial reporting and the results thereof.
- For the purpose of improving work efficiency, preventing fraudulent activities, and promptly detecting them after they have occurred, Internal Auditing, pursuant to the Basic Internal Audit Plan, which is reported to the Board of Directors by the Head of Internal Auditing every year, conducts business audits on the Company’s subsidiaries at least once a year to gain a comprehensive understanding of the risks and to respond to them.

(vi) Efforts to ensure the effectiveness of the execution of duties by Audit and Supervisory Committee Members and audits by the Audit and Supervisory Committee

- The Company has an Audit and Supervisory Committee, and in principle, the Audit and Supervisory Committee meets once a month to resolve, report on, and discuss important matters related to audits.
- Audit and Supervisory Committee Members attend the Company’s Board of Directors meetings to confirm the establishment and implementation status of the internal control system.



- Audit and Supervisory Committee Members have a place to exchange information and opinions with the Representative Director and President. In addition, information and opinions are regularly exchanged with members of Internal Auditing and the Financial Auditor, etc. to improve the effectiveness and efficiency of audits.
- One employee has been assigned to serve concurrently as a staff member who assists with the duties of the Audit and Supervisory Committee and its members.
- In relation to the Financial Auditor, while monitoring the independence and adequacy of audits, the report on the audit plan (annual) and report on accounting audit results (each quarterly review and year-end settlement) were received, information and opinions were exchanged, and discussions were held on the election of a Financial Auditor.
- At the beginning of the fiscal year, a budget was secured for various costs related to audits based on the annual activity plan. In addition, there was no budget shortfall when audits were conducted for the current fiscal year.

#### **(7) Policy on determination of dividends of surplus, etc.**

Our basic policy is to implement measures to provide stable dividends with a target payout ratio of 40%, while positioning the return of profits to shareholders as one of the most important management issues, and taking into consideration the enhancement of internal reserves necessary for strengthening our financial position and aggressive business development. In addition, the Articles of Incorporation of the Company stipulate that matters listed in Article 459, paragraph (1), items of the Companies Act, including dividends of surplus, will be determined by a resolution of a Board of Directors meeting.

During the current fiscal year, the business performance was driven mainly by the Power & Electricity Business, and we achieved record highs for net sales, operating profit, ordinary profit and profit attributable to owners of parent. Taking into account our policy of bolstering shareholder returns, we propose an increase in the year-end ordinary dividend of ¥10 from the previous fiscal year, to ¥35 per share. Furthermore, the Company celebrated the 60th anniversary of its listing on August 1, 2022. To express our unceasing gratitude to shareholders, it has been decided to pay a commemorative dividend of ¥2 per share in addition to the above-mentioned ordinary dividend for the fiscal year under review. Together with the ordinary dividend, this results in a total year-end dividend for the fiscal year ended March 31, 2023, of ¥37 per share, and a payout ratio of 28.4%. In addition, the Company purchased treasury shares of ¥577 million in the current fiscal year in order to further enhance shareholder returns and improve capital efficiency and this results in a total return ratio of 36.0%. Regarding the cancellation of treasury shares, the Company cancelled all the remaining shares after retaining the minimum number of shares necessary for the Board Benefit Trust (BBT), etc.

For the next fiscal year, we plan to pay a dividend of ¥39 per share, an increase of ¥2 from the current fiscal year. The payout ratio for the current fiscal year and the next fiscal year will fall below 40%. However, the reasoning behind this is to secure investment surplus for further enhancing the corporate value in the future and from the standpoint of implementing a policy to provide stable dividends. We will continue to strive for sustainable growth, improvement of corporate value, and increase of shareholder value by allocating management resources to business fields where growth is expected from a medium- to long-term perspective.

#### **(8) Basic policy on control of the Company**

No notable matter to be stated.

## Consolidated Balance Sheet

(As of March 31, 2023)

	(Millions of yen)
Item	Amount
<b>Assets</b>	
<b>Current assets</b>	<b>80,141</b>
Cash and deposits	32,538
Notes receivable - trade	272
Accounts receivable - trade	30,761
Lease receivables and investments in leases	2,407
Merchandise and finished goods	6,175
Raw materials and supplies	795
Other	7,221
Allowance for doubtful accounts	(30)
<b>Non-current assets</b>	<b>93,858</b>
<b>Property, plant and equipment</b>	<b>42,150</b>
Buildings and structures	14,842
Machinery, equipment and vehicles	3,855
Land	18,179
Leased assets	887
Construction in progress	56
Other	4,328
<b>Intangible assets</b>	<b>5,441</b>
Trademark right	2,845
Goodwill	1,341
Other	1,254
<b>Investments and other assets</b>	<b>46,266</b>
Investment securities	33,727
Shares of subsidiaries and associates	3,778
Insurance funds	968
Deferred tax assets	1,664
Other	6,396
Allowance for doubtful accounts	(269)
<b>Total assets</b>	<b>173,999</b>

	(Millions of yen)
Item	Amount
<b>Liabilities</b>	
<b>Current liabilities</b>	<b>45,054</b>
Notes and accounts payable - trade	24,573
Short-term borrowings	2,440
Current portion of bonds payable	764
Current portion of long-term borrowings	3,051
Lease liabilities	1,201
Income taxes payable	3,356
Accrued consumption taxes	1,441
Provision for bonuses	1,083
Provision for bonuses for directors (and other officers)	4
Asset retirement obligations	118
Other	7,018
<b>Non-current liabilities</b>	<b>36,060</b>
Bonds payable	4,698
Long-term borrowings	11,331
Lease liabilities	2,767
Deferred tax liabilities	6,654
Retirement benefit liability	2,559
Provision for share awards	219
Provision for retirement benefits for directors (and other officers)	278
Asset retirement obligations	3,062
Other	4,488
<b>Total liabilities</b>	<b>81,115</b>
<b>Net assets</b>	
<b>Shareholders' equity</b>	<b>80,645</b>
Share capital	7,077
Capital surplus	307
Retained earnings	73,793
Treasury shares	(533)
<b>Accumulated other comprehensive income</b>	<b>12,224</b>
Valuation difference on available-for-sale securities	10,899
Deferred gains or losses on hedges	(61)
Foreign currency translation adjustment	1,391
Remeasurements of defined benefit plans	(5)
<b>Non-controlling interests</b>	<b>15</b>
<b>Total net assets</b>	<b>92,884</b>
<b>Total liabilities and net assets</b>	<b>173,999</b>

## **Consolidated Statement of Income**

(From April 1, 2022 to March 31, 2023)

(Millions of yen)

Item	Amount
<b>Net sales</b>	<b>323,700</b>
<b>Cost of sales</b>	<b>281,382</b>
<b>Gross profit</b>	<b>42,317</b>
<b>Selling, general and administrative expenses</b>	<b>29,999</b>
<b>Operating profit</b>	<b>12,317</b>
<b>Non-operating income</b>	<b>2,488</b>
Interest income	30
Dividend income	1,569
Purchase discounts	50
Share of profit of entities accounted for using equity method	404
Insurance claim income	47
Compensation income	68
Other	316
<b>Non-operating expenses</b>	<b>749</b>
Interest expenses	296
Commission expenses	271
Loss on derivatives trading	2
Bond issuance costs	82
Other	97
<b>Ordinary profit</b>	<b>14,056</b>
<b>Extraordinary income</b>	<b>213</b>
Gain on sale of non-current assets	141
Gain on receipt of donated non-current assets	48
Gain on sale of investment securities	24
<b>Extraordinary losses</b>	<b>2,591</b>
Loss on sale of non-current assets	0
Loss on retirement of non-current assets	205
Impairment losses	2,297
Loss on store closings	64
Loss on subsidy repayment	13
Litigation settlement	10
<b>Profit before income taxes</b>	<b>11,678</b>
Income taxes - current	4,294
Income taxes - deferred	(17)
<b>Profit</b>	<b>7,401</b>
Profit (loss) attributable to non-controlling interests	(387)
<b>Profit attributable to owners of parent</b>	<b>7,789</b>

## Consolidated Statement of Changes in Equity

(From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2022	7,077	320	68,083	(533)	74,948
Changes during period					
Dividends of surplus			(1,515)		(1,515)
Profit attributable to owners of parent			7,789		7,789
Capital increase of consolidated subsidiaries		(0)			(0)
Purchase of treasury shares				(577)	(577)
Cancellation of treasury shares		(13)	(564)	577	-
Net changes in items other than shareholders' equity					-
Total changes during period	-	(13)	5,710	(0)	5,696
Balance as of March 31, 2023	7,077	307	73,793	(533)	80,645

(Millions of yen)

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2022	11,894	(121)	572	(19)	12,326	413	87,687
Changes during period							
Dividends of surplus					-		(1,515)
Profit attributable to owners of parent					-		7,789
Capital increase of consolidated subsidiaries					-		(0)
Purchase of treasury shares					-		(577)
Cancellation of treasury shares					-		-
Net changes in items other than shareholders' equity	(995)	60	818	14	(102)	(397)	(499)
Total changes during period	(995)	60	818	14	(102)	(397)	5,196
Balance as of March 31, 2023	10,899	(61)	1,391	(5)	12,224	15	92,884

## Accounting Audit Report of the Consolidated Financial Statements

### Audit Report of Independent Auditors

May 19, 2023

To the Board of Directors of Mitsuuroko Group Holdings Co., Ltd.

**KPMG AZSA LLC**  
**Tokyo Office**

Hideki Yoneyama  
Designated Engagement Partner  
Certified Public Accountant

Yoshiko Imai  
Designated Engagement Partner  
Certified Public Accountant

#### *Opinion*

Pursuant to Article 444, paragraph (4) of the Companies Act, we have audited the Consolidated Financial Statements of Mitsuuroko Group Holdings Co., Ltd. and its consolidated subsidiaries (the “Group”), namely, Consolidated Balance Sheet as of March 31, 2023, Consolidated Statement of Income, and Consolidated Statement of Changes in Equity for the fiscal year from April 1, 2022 to March 31, 2023, and the Notes to Consolidated Financial Statements.

In our opinion, the above Consolidated Financial Statements are in accordance with accounting principles generally accepted in Japan, and that the status of assets, profits and losses for the period pertaining to the said Consolidated Financial Statements of the corporate group consisting of Mitsuuroko Group Holdings Co., Ltd. and its consolidated subsidiaries is fairly presented in all material respects.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Other Information*

Other Information refers to the Business Report and its Annexed Detailed Statements. The management’s responsibility lies in preparing and presenting Other Information. Moreover, the Audit and Supervisory Committee is responsible for overseeing the Directors’ execution of duties relating to the design and operating effectiveness of the processes of reporting Other Information.

Since our audit opinions do not cover Other Information in the Consolidated Financial Statements, we do not express opinions on Other Information.

Our responsibilities for the Consolidated Financial Statements lie in reading through Other Information in those statements, through such reading, examining whether there is any material discrepancy between Other Information and the Consolidated Financial Statements or our knowledge obtained through audit, and concentrating our attention on any possible indication of material errors in Other Information, besides such material discrepancy.

When we decided based on the work executed that Other Information contains a material error, we are required to report the fact to the Company.

There is no notable matter that we should report on Other Information.

### *Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements*

The responsibility of management is to prepare and fairly present the Consolidated Financial Statements in accordance with accounting principles generally accepted in Japan. This includes establishing and operating internal controls that management deems necessary for the preparation and fair presentation of the Consolidated Financial Statements, without material misstatement caused by fraud or error.

In preparing Consolidated Financial Statements, management is responsible for evaluating whether it is appropriate to prepare Consolidated Financial Statements based on an assumption of going concern, and disclosing matters related to going concern if it is necessary for them to do so in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the financial reporting process.

### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the Consolidated Financial Statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and contents of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### *Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan*

Our firm and its designated engagement partners do not have any interest between in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.



## Audit and Supervisory Committee's Audit Report for the Consolidated Financial Statements

### Report on the Audit of the Consolidated Financial Statements

The Audit and Supervisory Committee has conducted an audit on the Consolidated Financial Statements (Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Equity, and Notes to Consolidated Financial Statements) for the 114th fiscal year from April 1, 2022 to March 31, 2023. The method and results of the audit will be reported as follows.

#### 1. Audit method and details thereof

The Audit and Supervisory Committee, in accordance with regulations such as the Audit Policy and division of duties, received reports from Directors and other parties on the Consolidated Financial Statements, and requested explanations as necessary.

Moreover, in addition to monitoring and verifying whether the Financial Auditor was conducting the audit properly while maintaining an independent position, the Audit and Supervisory Committee received reports from the Financial Auditor on the status of his/her execution of duties and requested explanations as necessary.

Furthermore, the Audit and Supervisory Committee also received a notification from the Financial Auditor indicating that a "system to ensure appropriate performance of its duties" (the matters listed in the items of Article 131 of the Regulations on Corporate Accounting) had been established in accordance with the "Quality Control Standard for Audit" (October 28, 2005, Business Accounting Council), and requested explanations as necessary.

Hence, the Consolidated Financial Statements for the relevant fiscal year were examined based on the above method.

#### 2. Audit results

We confirm that the auditing method and results of the Financial Auditor, KPMG AZSA LLC, are appropriate.

May 19, 2023

Audit and Supervisory Committee, Mitsuuroko Group Holdings Co., Ltd.	
Audit and Supervisory Committee Member	Hideo Sugahara (seal)
Audit and Supervisory Committee Member	Yoshiyuki Kawano (seal)
Audit and Supervisory Committee Member	Kei Tajima (seal)

(Note) Audit and Supervisory Committee Members Hideo Sugahara, Yoshiyuki Kawano, and Kei Tajima are External Directors as stipulated in Article 2, item (xv) and Article 331, paragraph (6) of the Companies Act.

## Balance Sheet

(As of March 31, 2023)

	(Millions of yen)
Item	Amount
<b>Assets</b>	
<b>Current assets</b>	<b>11,128</b>
Cash and deposits	10,503
Accounts receivable - trade	69
Short-term loans receivable from subsidiaries and associates	150
Accounts receivable - other	66
Prepaid expenses	270
Other	68
<b>Non-current assets</b>	<b>91,785</b>
<b>Property, plant and equipment</b>	<b>23,151</b>
Buildings	8,725
Structures	132
Machinery and equipment	365
Vehicles	0
Tools, furniture and fixtures	103
Land	13,809
Leased assets	14
<b>Intangible assets</b>	<b>585</b>
Software	432
Software in progress	17
Leasehold interests in land	130
Other	5
<b>Investments and other assets</b>	<b>68,048</b>
Investment securities	32,970
Shares of subsidiaries and associates	31,343
Long-term loans receivable from subsidiaries and associates	4,033
Guarantee deposits	812
Insurance funds	784
Other	137
Allowance for doubtful accounts	(2,033)
<b>Total assets</b>	<b>102,913</b>

	(Millions of yen)
Item	Amount
<b>Liabilities</b>	
<b>Current liabilities</b>	<b>13,705</b>
Short-term borrowings	200
Short-term borrowings from subsidiaries and associates	10,838
Current portion of bonds payable	764
Current portion of long-term borrowings	1,271
Lease liabilities	4
Accounts payable - other	151
Accrued expenses	231
Income taxes payable	29
Provision for bonuses	19
Asset retirement obligations	118
Other	77
<b>Non-current liabilities</b>	<b>19,089</b>
Bonds payable	4,698
Long-term borrowings	8,156
Lease liabilities	10
Deferred tax liabilities	5,291
Provision for share awards	219
Provision for retirement benefits	40
Provision for loss on guarantees	9
Guarantee deposits received	239
Asset retirement obligations	382
Other	41
<b>Total liabilities</b>	<b>32,795</b>
<b>Net assets</b>	
<b>Shareholders' equity</b>	<b>59,297</b>
<b>Share capital</b>	<b>7,077</b>
<b>Capital surplus</b>	<b>366</b>
Legal capital surplus	366
<b>Retained earnings</b>	<b>52,331</b>
Legal retained earnings	1,411
Other retained earnings	50,919
Reserve for tax purpose reduction entry of non-current assets	2,725
General reserve	37,742
Retained earnings brought forward	10,451
<b>Treasury shares</b>	<b>(478)</b>
<b>Valuation and translation adjustments</b>	<b>10,820</b>
Valuation difference on available-for-sale securities	10,820
<b>Total net assets</b>	<b>70,117</b>
<b>Total liabilities and net assets</b>	<b>102,913</b>

## Statement of Income

(From April 1, 2022 to March 31, 2023)

(Millions of yen)

Item	Amount
<b>Operating revenue</b>	<b>5,937</b>
<b>Operating expenses</b>	<b>4,284</b>
<b>Operating profit</b>	<b>1,653</b>
<b>Non-operating income</b>	<b>1,706</b>
Interest and dividend income	1,602
Insurance claim income	5
Other	98
<b>Non-operating expenses</b>	<b>191</b>
Interest expenses	91
Commission expenses	82
Other	17
<b>Ordinary profit</b>	<b>3,167</b>
<b>Extraordinary income</b>	<b>189</b>
Gain on sale of non-current assets	117
Gain on receipt of donated non-current assets	48
Gain on sale of investment securities	24
<b>Extraordinary losses</b>	<b>65</b>
Loss on retirement of non-current assets	54
Impairment losses	10
<b>Profit before income taxes</b>	<b>3,292</b>
Income taxes - current	589
Income taxes - deferred	(31)
<b>Profit</b>	<b>2,734</b>

## Statement of Changes in Equity

(From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity										
	Share capital	Capital surplus			Retained earnings					Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings		
						Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward			
Balance as of April 1, 2022	7,077	366	13	379	1,411	2,770	37,742	9,752	51,676	(478)	58,655
Changes during period											
Reversal of reserve for tax purpose reduction entry of non-current assets				–		(44)		44	–		–
Dividends of surplus				–				(1,515)	(1,515)		(1,515)
Profit				–				2,734	2,734		2,734
Purchase of treasury shares				–					–	(577)	(577)
Cancellation of treasury shares			(13)	(13)				(564)	(564)	577	–
Net changes in items other than shareholders' equity				–					–	–	–
Total changes during period	–	–	(13)	(13)	–	(44)	–	699	654	(0)	641
Balance as of March 31, 2023	7,077	366	–	366	1,411	2,725	37,742	10,451	52,331	(478)	59,297

(Millions of yen)

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance as of April 1, 2022	11,817	11,817	70,473
Changes during period			
Reversal of reserve for tax purpose reduction entry of non-current assets		–	–
Dividends of surplus		–	(1,515)
Profit		–	2,734
Purchase of treasury shares		–	(577)
Cancellation of treasury shares		–	–
Net changes in items other than shareholders' equity	(996)	(996)	(996)
Total changes during period	(996)	(996)	(355)
Balance as of March 31, 2023	10,820	10,820	70,117

## Accounting Audit Report of the Financial Statements

### Audit Report of Independent Auditors

May 19, 2023

To the Board of Directors of Mitsuuroko Group Holdings Co., Ltd.

**KPMG AZSA LLC**  
**Tokyo Office**

Hideki Yoneyama  
Designated Engagement Partner  
Certified Public Accountant

Yoshiko Imai  
Designated Engagement Partner  
Certified Public Accountant

#### *Opinion*

Pursuant to Article 436, paragraph (2), item (i) of the Companies Act, we have audited the Non-consolidated Financial Statements of Mitsuuroko Group Holdings Co., Ltd. (the “Company”) namely, Balance Sheet as of March 31, 2023, Statement of Income, Statement of Changes in Equity, Notes to Non-consolidated Financial Statements, and Annexed Detailed Statements thereof (“Non-consolidated Financial Statements, Etc.”) for the 114th fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the above Non-consolidated Financial Statements, Etc. are in accordance with accounting principles generally accepted in Japan, and that the status of assets, profits and losses for the period pertaining to the said Non-consolidated Financial Statements, Etc. is fairly presented in all material respects.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc.” section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Other Information*

Other Information refers to the Business Report and its Annexed Detailed Statements. The management’s responsibility lies in preparing and presenting Other Information. Moreover, the Audit and Supervisory Committee is responsible for overseeing the Directors’ execution of duties relating to the design and operating effectiveness of the processes of reporting Other Information.

Since our audit opinions do not cover Other Information in the Non-consolidated Financial Statements, Etc., we do not express opinions on Other Information.

Our responsibilities for the Non-consolidated Financial Statements, Etc. lie in reading through Other Information in those statements, through such reading, examining whether there is any material discrepancy between Other Information and the Non-consolidated Financial Statements, Etc. or our knowledge obtained through audit, and concentrating our attention on any possible indication of material errors in Other Information, besides such material discrepancy.

When we decided based on the work executed that Other Information contains a material error, we are required to report the fact to the Company.

There is no notable matter that we should report on Other Information.

#### *Responsibilities of Management and the Audit and Supervisory Committee for the Non-consolidated Financial Statements, Etc.*

The responsibility of management is to prepare and fairly present the Non-consolidated Financial Statements, Etc. in accordance with accounting principles generally accepted in Japan. This includes establishing and operating internal controls that management deems necessary for the preparation and proper

display of Financial Statements, Etc., without material misstatement caused by fraud or error.

In preparing Non-consolidated Financial Statements, Etc., management is responsible for evaluating whether it is appropriate to prepare Non-consolidated Financial Statements, Etc. based on an assumption of going concern, and disclosing matters related to going concern if it is necessary for them to do so in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the financial reporting process.

*Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc.*

Our objectives are to obtain reasonable assurance about whether the Non-consolidated Financial Statements, Etc. as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Non-consolidated Financial Statements, Etc.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Non-consolidated Financial Statements, Etc., whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Non-consolidated Financial Statements, Etc. or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the Financial Statements, Etc. are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and contents of the Non-consolidated Financial Statements, Etc., including the disclosures, and whether the Non-consolidated Financial Statements, Etc. represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

*Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan*

Our firm and its designated engagement partners do not have any interest between in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

## Audit and Supervisory Committee's Audit Report

### Audit Report

This audit report was prepared following the discussions based on the respective audit reports of each Audit and Supervisory Committee Member concerning the conduct of the Directors in the performance of their duties during the 114th fiscal year from April 1, 2022 to March 31, 2023. The Audit and Supervisory Committee submits its report as follows.

#### 1. Audit method and details thereof

The Audit and Supervisory Committee received regular reports from Directors and employees, etc. about the details of the resolution of the Board of Directors regarding the matters listed in Article 399-13, paragraph (1), item (i) (b) and (c) of the Companies Act, and the status of their construction and operation of the system (internal control system) established based on the said resolution. In addition, the Audit and Supervisory Committee also requested explanations as necessary, expressed their opinion, and conducted an audit through the following method.

- (i) Following regulations such as the Audit Policy and division of duties that they had established, the Audit and Supervisory Committee, in cooperation with the Internal Control Department of the Company, attended important meetings, received reports from Directors and employees, etc. on matters related to their execution of duties, requested explanations as necessary, inspected important approval documents, etc., and examined the status of operations and property at the headquarters and main offices.
- (ii) Each Audit and Supervisory Committee Member monitored and verified whether the Financial Auditor, KPMG AZSA LLC, maintained independence and conducted proper audit, received reports from the Financial Auditor regarding the status of the performance of its duties, and requested explanations as necessary. The Audit and Supervisory Committee Members also received the notification from the Financial Auditor that it had established a "system to ensure appropriate performance of its duties" (the matters listed in the items of Article 131 of the Regulations on Corporate Accounting) in accordance with the "Quality Control Standard for Audit" (October 28, 2005, Business Accounting Council), and requested explanation as necessary.

Based on the above-mentioned methods, the Audit and Supervisory Committee examined the Business Report and its Annexed Detailed Statement, along with the Non-consolidated Financial Statements (Balance Sheet, Statement of Income, Statement of Changes in Equity, and Notes to Non-consolidated Financial Statements) and their Annexed Detailed Statements for the fiscal year under review.

#### 2. Audit results

##### (1) Audit results of the Business Report, etc.

We confirm as follows:

- (i) The Business Report and its Annexed Detailed Statements present the Company's situation correctly in accordance with laws and regulations, and the Articles of Incorporation of the Company.
- (ii) There was no improper behavior, or serious violation of any applicable laws and regulations or of the Articles of Incorporation of the Company concerning the Directors' performance of their duties.
- (iii) The details of the Board of Directors resolutions concerning the internal control system were appropriate and adequate. Furthermore, there was no matter we must point out, regarding the description of the internal control system in the Business Report and the Directors' performance of their duties concerning the internal control system.



(2) Audit results of the Non-consolidated Financial Statements and their Annexed Detailed Statements

We confirm that the auditing method and results of the Financial Auditor, KPMG AZSA LLC, are appropriate.

May 19, 2023

Audit and Supervisory Committee, Mitsuuroko Group Holdings Co., Ltd.	
Audit and Supervisory Committee Member	Hideo Sugahara (seal)
Audit and Supervisory Committee Member	Yoshiyuki Kawano (seal)
Audit and Supervisory Committee Member	Kei Tajima (seal)

(Note) Audit and Supervisory Committee Members Hideo Sugahara, Yoshiyuki Kawano, and Kei Tajima are External Directors as stipulated in Article 2, item (xv) and Article 331, paragraph (6) of the Companies Act.