

[Translation for Reference and Convenience Only]

Please note that the following is an unofficial English translation of the Japanese original text of the Notice of Convocation of the 66th Ordinary General Shareholders' Meeting of Ryosan Company, Limited. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Securities Code: 8140

June 7, 2022

Ryosan Company, Limited
2-3-5 Higashi-Kanda, Chiyoda-ku, Tokyo
Kazuhiko Inaba
Representative Director, President

**NOTICE OF CONVOCATION
OF THE 66TH ORDINARY GENERAL SHAREHOLDERS' MEETING**

Dear Shareholders,

Ryosan Company, Limited ("Ryosan" or "the Company") hereby notifies that the Company's 66th Ordinary General Shareholders' Meeting will be held as set forth below.

If you are not going to attend the meeting, you may exercise your voting rights by mail or via the Internet in accordance with the reference materials for the Ordinary General Shareholders' Meeting, by no later than 5:30 p.m. on Thursday, June 23, 2022 (Japan Time).

- 1. Date and Time:** Friday, June 24, 2022 at 10:00 a.m. (Japan Time)
(Doors are scheduled to open at 9:00 a.m.)
- 2. Place:** Hall on the 8th floor of Ryosan's Head Office Building, 2-3-5 Higashi-Kanda, Chiyoda-ku, Tokyo
- 3. Meeting Agenda:**
- Matters to be Reported:**
1. Reports on the Business Report and the Consolidated Financial Statements, as well as the Results of Audits of Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee for the 66th Fiscal Year (from April 1, 2021 to March 31, 2022)
 2. Reports on the Non-Consolidated Financial Statements for the 66th Fiscal Year (from April 1, 2021 to March 31, 2022)
- Matters to be Resolved:**
- Proposal 1:** Partial Revision of the Articles of Incorporation
- Proposal 2:** Election of Five Directors (excluding Directors, Audit and Supervisory Committee Members)
- Proposal 3:** Election of Three Directors, Audit and Supervisory Committee Members
- Proposal 4:** Determining the Amount and Content of Performance-Based Stock Remuneration for Directors, Etc.

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- When you attend the meeting, you are kindly asked to submit the enclosed Voting Rights Exercise Form at the reception desk of the venue on the day of the meeting.
 - Pursuant to the provisions of laws and ordinances, as well as Article 17 of the Articles of Incorporation of the Company, the Consolidated Statements of Changes in Net Assets and Notes to Consolidated Financial Statements within the Consolidated Financial Statements, as well as the Non-Consolidated Statements of Changes in Net Assets and Notes to Non-Consolidated Financial Statements within the Non-Consolidated Financial Statements, are available on the Company's website (<https://www.ryosan.co.jp/>). For this reason, these documents are not included in this Notice. In addition, the Consolidated Financial Statements and Non-Consolidated Financial Statements audited by the Accounting Auditor and the Audit and Supervisory Committee consist of the documents provided in this Notice as well as the Consolidated Statements of Changes in Net Assets, Notes to Consolidated Financial Statements, Non-Consolidated Statements of Changes in Net Assets,

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- and Notes to Non-Consolidated Financial Statements posted on the Company's website (<https://www.ryosan.co.jp/>).
- Should any corrections be made to the Reference Materials for the Ordinary General Shareholders' Meeting, the Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements, such corrections will be announced on the Company's Web site (<https://www.ryosan.co.jp/>).
 - Please understand that resolutions in the Ordinary General Shareholders' Meeting will be published on the Company's website (<https://www.ryosan.co.jp/>) in place of sending written notifications to shareholders.

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Countermeasures Against the Novel Coronavirus (COVID-19)

1. The risk of group infection will arise when a large number of Shareholders attend to the Ordinary General Shareholders' Meeting. Shareholders who are considering attending the Ordinary General Shareholders' Meeting are therefore asked to consider the status of the COVID-19 pandemic and their own health status in making a careful decision.
2. Elderly persons, those with underlying conditions and pregnant women are especially asked to consider carefully whether to attend the Ordinary General Shareholders' Meeting or not.
3. In order to prevent the spread of infection with COVID-19, Shareholders who attend the Ordinary General Shareholders' Meeting are asked to wear masks, disinfect hands with hand sanitizer and submit to a body temperature check using a contactless thermometer. Please understand in advance that if you have a fever of 37.5°C or more or otherwise appear to be in ill health, you may be refused entry to the venue by Ordinary General Shareholders' Meeting management staff.
4. Ryosan directors and Ordinary General Shareholders' Meeting management staff will confirm their own health before attending, including checking their own temperatures, and to wear a face mask while participating.
5. In order to prevent the spread of infection, the proceedings will be kept as short as possible. Shareholders are asked for their cooperation in this effort. Also, seating at the venue will be arranged to maximize space between participants. Please cooperate in maintaining appropriate mutual distance while seated. Please understand in advance that we may deny entry to the venue due to the limited number of seats.
6. If any major changes occur in the management of the Ordinary General Shareholders' Meeting, those changes will be posted on the Ryosan website. (<https://www.ryosan.co.jp/>)

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Reference Materials for the Ordinary General Shareholders' Meeting

Proposal and Reference Matters

Proposal 1: Partial Revision of the Articles of Incorporation

1. Reasons for proposal

On September 1, 2022, the amending provisions stipulated in the Proviso of Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Law No. 70, 2019) will go into force. In tandem with this enforcement, the Company is revising its Articles of Incorporation to prepare for the introduction of systems for the electronic provision of materials related to the General Shareholders' Meetings, as follows.

- (1) The Company will be required to stipulate in its Articles of Incorporation measures for the electronic provision of the information contained in reference documents, etc. related to the General Shareholders' Meetings. As such, the Company wishes to establish a new Paragraph 1, Article 17 (Measures for Electronic Provision, etc.) in the Articles of Incorporation.
- (2) In the items related to measures for electronic provision of information contained in reference documents, etc. related to the General Shareholders' Meetings, the Company wishes, when shareholders request written documents, to limit the scope of items that may be listed in said written documents to the scope stipulated by the Ordinance of the Ministry of Justice. For this purpose, the Company wishes to establish a new Paragraph 2, Article 17 (Measures for Electronic Provision, etc.) in the Articles of Incorporation.
- (3) In tandem with the introduction of systems for the electronic provision of materials related to the General Shareholders' Meetings, the Company wishes to delete from the Articles of Incorporation the current Article 17 (Online Disclosure and Deemed Provision of Reference Documents, etc. for General Shareholders' Meetings), as it is no longer necessary.
- (4) In addition to the additions and deletions above, the Company wishes to append a Supplementary Provision regarding the date of enforcement of these changes and related matters. This Supplementary Provision will be deleted later, after some time has passed.

2. Contents of changes

The contents of changes are as follows.

(Underlined text indicates changes.)

Current Articles of Incorporation	Proposed Changes
<u>(Online Disclosure and Deemed Provision of Reference Documents, etc. for General Shareholders' Meetings)</u> <u>Article 17 When convening the General Shareholders' Meetings, the Company shall provide online disclosure of information on items listed or indicated in the General Shareholders reference documents, business reports and financial statements (non-consolidated and consolidated) in accordance with the Ordinances of the Ministry of Justice. In so doing, the Company may be deemed to have provided said information to shareholders.</u>	Deletion

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Current Articles of Incorporation	Proposed Changes
<p style="text-align: center;">New addition</p>	<p><u>(Measures for Electronic Provision, etc.)</u> <u>Article 17 When convening the General Shareholders' Meetings, the Company shall take measures to disclose electronically the information contained in the General Shareholders' Meeting reference documents, etc.</u> <u>2 The Company may choose not to provide to shareholders in writing some or all of the items subject to electronic disclosure that are stipulated by Ordinance of the Ministry of Justice, even if a shareholder requests said disclosure in writing by the record date of voting.</u></p>
<p>Supplementary Provision (Transitional Measures to Waive the Responsibilities of Statutory Auditors)</p> <p style="text-align: center;">(Text omitted)</p>	<p>Supplementary Provision (Transitional Measures to Waive the Responsibilities of Statutory Auditors)</p> <p><u>Article 1</u></p> <p style="text-align: center;">(Unchanged)</p>
<p style="text-align: center;">New addition</p>	<p><u>(Transitional Online Disclosure and Deemed Provision of Reference Documents, etc. for General Shareholders' Meetings)</u> <u>Article 2 The deletion of the current Article 17 of the Articles of Incorporation (Online Disclosure and Deemed Provision of Reference Documents, etc. for General Shareholders' Meetings) and new addition of the proposed change of Article 17 (Measures for Electronic Provision, etc.) shall come into force on September 1, 2022.</u> <u>2 Notwithstanding Paragraph 1 above, the current Article 17 of the Articles of Incorporation shall remain in force for all General Shareholders' Meetings convened on dates up to and including February 28, 2023.</u> <u>3 This Article shall be deleted on March 1, 2023 or the date three months from the date of the General Shareholders' Meeting described in Article 2 above, whichever is later.</u></p>

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Proposal 2: Election of Five Directors (excluding Directors, Audit and Supervisory Committee Members)

The terms of office of all three current Directors (excluding Directors, Audit and Supervisory Committee Members) end at the close of this General Shareholders' Meeting.

Therefore, in order to strengthen its management system, the Company would like to increase the number of Directors by two and to appoint five Directors.

The candidates for Directors listed in this proposal have been carefully examined by the Audit and Supervisory Committee, which have come to the conclusion that they are adequate to serve as Directors of the Company.

The candidates for the Directors are as follows:

Candidate No.	Name	Current Positions and Responsibilities within the Company	Newly Appointed / Reappointed
1	Kazuhiko Inaba	Representative Director, President	Reappointed
2	Shunya Endo	Director, Executive Officer, General Manager, Sales Planning and Control Headquarters, and General Manager, 1st Domestic Marketing and Sales Headquarters	Reappointed
3	Hiroyuki Igari	Director, Executive Officer, General Manager, Administrative Headquarters	Reappointed
4	Atsushi Kawabata	-	Newly appointed
5	Haruyoshi Kawabe	-	Newly appointed

<Reference> Director candidate nomination policy and procedure

In order to ensure objectivity and transparency in management, Ryosan has established Nomination and Remuneration Advisory Committee composed of a majority of Outside Directors as a consultative body for the Board of Directors. Director nomination candidates are proposed by Representative Director and President in consultation with the Nomination and Remuneration Advisory Committee and are approved by the Board of Directors.

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Candidate No.	Name (Date of Birth)	Brief Personal History, Positions and Responsibilities within the Company, and Important Concurrent Positions Held	Shares of the Company Owned
1	Kazuhiko Inaba (June 14, 1967)	<p>Apr. 1990 Joined the Company</p> <p>July 2013 General Manager, 2nd Sales Department</p> <p>June 2017 Executive Officer, General Manager, Electronic Components Business Headquarters</p> <p>June 2019 Director, Senior Executive Officer, General Manager, Electronic Components Business Headquarters</p> <p>Feb. 2020 Representative Director, President, General Manager, Corporate Planning Headquarters, and General Manager, Electronic Components Business Headquarters</p> <p>June 2020 Representative Director, President, and General Manager, Electronic Components Business Headquarters</p> <p>June 2021 Representative Director, President (present post)</p>	4,700
<p>Reasons for nomination: Since joining the Company, Mr. Kazuhiko Inaba served as General Manager of 2nd Sales Department in charge of major corporate sales and Executive Officer and General Manager of Electronic Components Business Headquarters. In his current post as Representative Director and President, he demonstrates leadership, managing the Group through the wealth of experience and wide-ranging knowledge he has acquired through sales operations and framing and promoting implementation of business strategy. He was nominated to be re-elected to the position of Director as he is judged to be an indispensable personnel for the execution of Ryosan's 11th Medium-Term Business Plan and sustainable growth in the future.</p>			
2	Shunya Endo (February 7, 1967)	<p>Mar. 1988 Joined the Company</p> <p>May 2007 General Manager, 1st Nagoya Sales Branch</p> <p>Nov. 2013 Managing Director, Ryosan (Thailand) Co., Ltd.</p> <p>June 2016 Executive Officer, General Manager, Central Japan/Tokai Marketing and Sales Headquarters</p> <p>June 2020 Executive Officer, General Manager, 1st Domestic Marketing and Sales Headquarters</p> <p>June 2021 Director, Executive Officer, General Manager, Sales Planning and Control Headquarters, and General Manager, 1st Domestic Marketing and Sales Headquarters (present post)</p>	1,500
<p>Reasons for nomination: Since joining the Company, Mr. Shunya Endo served as General Manager of 1st Nagoya Sales Branch, Managing Director of Ryosan (Thailand) Co., Ltd., and Executive Officer and General Manager of Central Japan/Tokai Marketing and Sales Headquarters. In his current post as Director, Executive Officer, General Manager of Sales Planning and Control Headquarters, and General Manager of 1st Domestic Marketing and Sales Headquarters, he demonstrates leadership and possesses an abundance of knowledge of and experience with Ryosan's overseas business as well as its business overall. He was nominated to be re-elected to the position of Director as he is judged to be an indispensable personnel for the execution of Ryosan's 11th Medium-Term Business Plan and sustainable growth in the future.</p>			

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Candidate No.	Name (Date of Birth)	Brief Personal History, Positions and Responsibilities within the Company, and Important Concurrent Positions Held	Shares of the Company Owned	
3	Hiroyuki Igari (March 15, 1967)	Apr. 1989	Joined the Company	1,500
		Apr. 2002	Sales Department General Manager, Singapore Ryosan Private Limited	
Apr. 2003	2nd Management Department General Manager, Hong Kongo Ryosan Limited			
Apr. 2008	General Manager, 1st Sales Department			
June 2017	Executive Officer, General Manager, Sales Administration Headquarters			
June 2021	Director, Executive Officer, General Manager, Administrative Headquarters (present post)			
Reasons for nomination: Since joining the Company, Mr. Hiroyuki Igari served as Sales Department General Manager of Singapore Ryosan Private Limited, 2nd Management Department General Manager of Hong Kongo Ryosan Limited, and General Manager of 1st Sales Department. In his current post as Director, Executive Officer and General Manager of Administration Headquarters, he demonstrates leadership and possesses an abundance of knowledge of and experience with Ryosan's overall business and business management. He was nominated to be re-elected to the position of Director as he is judged to be an indispensable personnel for the execution of Ryosan's 11th Medium-Term Business Plan and sustainable growth in the future.				
4	Outside Atsushi Kawabata (July 1, 1957)	Apr. 1983	Joined Hitachi, Ltd.	0
		May 2012	Board Director, Hitachi Automotive Systems, Ltd. (currently Hitachi Astemo, Ltd.)	
June 2013	Outside Director, Clarion Co., Ltd. (currently Faurecia Clarion Electronics Co., Ltd.)			
Apr. 2015	Vice President, Board of Director, Hitachi Automotive Systems, Ltd.			
Apr. 2016	Vice President, Executive Officer, Hitachi Automotive Systems, Ltd.			
Apr. 2017	Representative Executive Officer and President, Clarion Co., Ltd.			
June 2017	Director, Representative Executive Officer and President, Clarion Co., Ltd.			
Oct. 2018	Executive Vice President, Faurecia S.A			
Oct. 2020	Chairman, Faurecia Japan K.K.			
Apr. 2022	Senior Adviser, Global Environment Business Division, Global Environment Division, Hitachi, Ltd. (present post)			
Reasons for nomination and overview of expected role: Mr. Atsushi Kawabata has served in management for many years in the automobile industry, and he possesses a wealth of experience and wide-ranging knowledge as a manager. He was nominated to be elected to the position of Outside Director as he is judged as being able to provide supervision for increasing the transparency and fairness of management and useful recommendations related to management.				

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Candidate No.	Name (Date of Birth)	Brief Personal History, Positions and Responsibilities within the Company, and Important Concurrent Positions Held	Shares of the Company Owned
5	<div style="border: 1px solid black; display: inline-block; padding: 2px;">Outside</div> Haruyoshi Kawabe (February 13, 1956)	Oct. 1977 Joined Management Work Co., Ltd. Dec. 1988 Joined TSD Co., Ltd. Apr. 1993 Senior Managing Director, Neutral Co., Ltd. Apr. 1996 President and Representative Director, Neutral Co., Ltd. Oct. 2010 Representative Director, Intermind Co., Ltd. Oct. 2011 Director, CloudLand Co., Ltd. Sep. 2015 Executive Officer, Cyberlinks Co., Ltd. Jan. 2022 Advisor, Cyberlinks Co., Ltd. (present post)	0
Reasons for nomination and overview of expected role: Mr. Haruyoshi Kawabe has served in management for many years in the IT services industry, and he possesses a wealth of experience and wide-ranging knowledge as an entrepreneur and a manager. He was nominated to be elected to the position of Outside Director as he is judged as being able to provide supervision for increasing the transparency and fairness of management and useful recommendations related to management.			

- Notes: 1. None of the candidates have any special interest in the Company.
2. Mr. Atsushi Kawabata and Mr. Haruyoshi Kawabe are both candidates for Outside Director.
3. In accordance with rules set forth by the Tokyo Stock Exchange, Inc., if Mr. Atsushi Kawabata and Mr. Haruyoshi Kawabe are both elected, Ryosan plans to designate them as independent directors and notify the Tokyo Stock Exchange.
4. Ryosan concluded a directors and officers liability insurance contract with an insurance company as set forth in Clause 1 of Article 430-3 in the Corporate Act of Japan and will cover insured persons with the said insurance contract mainly for compensation against damages and expenses for lawsuits to be borne by the persons insured. If election of the candidates is approved and passed, the candidates will be included as insured persons in the insurance contract. In addition, during the next insurance contract renewal, Ryosan plans to renew the contract with the same details.
5. In accordance with rules set forth by Clause 1 of Article 427 in the Corporate Act of Japan, if Mr. Atsushi Kawabata and Mr. Haruyoshi Kawabe are both elected, Ryosan plans to conclude a contract limiting their liability for damages as set forth by Clause 1 of Article 423 in the Corporate Act of Japan. The maximum amount of liability for damages based on said contract will be the legally prescribed amount.

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Proposal 3: Election of Three Directors, Audit and Supervisory Committee Members

The terms of office of all four current Directors, Audit and Supervisory Committee Members end at the close of this General Shareholders' Meeting.

Therefore, according to the Company's judgment that Ryosan can continue to ensure the efficacy of auditing through member composition that places even greater emphasis on expertise, the Company will reduce the number of Directors, Audit and Supervisory Committee Members by one, and will ask for election of three Directors, Audit and Supervisory Committee Members.

Approval has been obtained from the Audit and Supervisory Committee for the candidate Directors, Audit and Supervisory Committee Members named in this proposal.

The candidate Directors, Audit and Supervisory Committee Members are as follows.

Candidate No.	Name	Current Positions and Responsibilities within the Company	Newly Appointed / Reappointed
1	Keiji Hirooka	Assistant General Manager, Sales Planning and Control Headquarters	Newly appointed
2	Mahito Ogawa	Audit and Supervisory Committee Member (Outside Director)	Reappointed
3	Yasuko Teraura	-	Newly appointed

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Candidate No.	Name (Date of Birth)	Brief Personal History, Positions and Responsibilities within the Company, and Important Concurrent Positions Held	Shares of the Company Owned
1	Keiji Hirooka (November 6, 1961)	<p>Apr. 1986 Joined Ryosan Trading Co., Ltd. (merged with the Company in 1988)</p> <p>May 1999 General Manager, Sales Promotion Department, Ryosan IPC (Malaysia) Sdn. Bhd.</p> <p>Apr. 2003 General Manager, 2nd Sales Department, Singapore Ryosan Private Limited</p> <p>Oct. 2004 General Manager, Sales Department, Singapore Ryosan Private Limited</p> <p>Mar. 2007 Managing Director, Singapore Ryosan Private Limited</p> <p>May 2012 Managing Director, Ryotai Corporation</p> <p>June 2014 General Manager, Sales Administration Department of the Company</p> <p>May 2022 Assistant General Manager, Sales Planning and Control Headquarters (present post)</p>	300
Reasons for nomination: Since joining Ryosan Trading Co., Ltd., Mr. Keiji Hirooka served as Sales Department General Manager for the Company's ASEAN region, Managing Director of Singapore Ryosan Private Limited, and General Manager of Sales Administration Department, and he possesses an abundance of knowledge of and experience with all overseas businesses and sales administration. He was nominated to be elected to the position of Director, Audit and Supervisory Committee Member as he is judged as being able to provide supervision for increasing the transparency and fairness of management and useful recommendations related to management.			
2	Outside Mahito Ogawa (January 25, 1961)	<p>Sep. 1983 Joined Peat Marwick, Mitchell & Co. (currently KPMG AZSA LLC)</p> <p>Oct. 1996 Company member, Century Audit Corporation (currently KPMG AZSA LLC)</p> <p>Oct. 2001 Joined Shin Nihon Audit Corporation (currently KPMG AZSA LLC)</p> <p>July 2003 Transferred to KPMG FAS Co., Ltd. (currently KPMG FAS)</p> <p>July 2005 Director (Partner), KPMG FAS Co., Ltd.</p> <p>Apr. 2008 Auditor-Secretary, the Japan-British Society (present post)</p> <p>Apr. 2008 Representative Director, ACE Consulting Inc. (present post)</p> <p>Apr. 2011 Director, Association of Certified Fraud Examiners Japan</p> <p>Jan. 2013 Auditor-Secretary, NPO Think Kids (present post)</p> <p>Jan. 2013 Outside Director, K.K. CrossVision International</p> <p>June 2016 Outside Director of the Company (Audit and Supervisory Committee Member) (present post)</p> <p>June 2017 Outside Auditor, ICHIKEN Co., Ltd.</p>	0
Reasons for nomination and overview of expected role: Through his many years of work as a CPA, Mr. Mahito Ogawa possesses expert knowledge and a wide range of experience related to finance and accounting. He was nominated to be re-elected to the position of Director, Audit and Supervisory Committee Member as he is judged as being able to provide supervision for increasing the transparency and fairness of management and recommendations based on his expert knowledge as a CPA.			

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Candidate No.	Name (Date of Birth)	Brief Personal History, Positions and Responsibilities within the Company, and Important Concurrent Positions Held	Shares of the Company Owned
3	<div style="border: 1px solid black; display: inline-block; padding: 2px;">Outside</div> Yasuko Teraura (October 16, 1970)	Apr. 2000 Registered as an attorney-at-law Oct. 2006 Earned qualification to practice law in the State of New York Mar. 2010 Established Endeavor Law Office as a Partner (present post) June 2014 Outside Director, Neturen Co., Ltd. (present post) June 2018 Outside Director, Japan Asset Marketing Co., Ltd. June 2019 Outside Director, Seiko Holdings Corporation (present post)	0
Reasons for nomination and overview of expected role: Through her many years of work as a lawyer, Ms. Yasuko Teraura possesses expert knowledge and a wide range of international experience. She was nominated to be elected to the position of Director, Audit and Supervisory Committee Member as she is judged as being able to provide supervision for increasing the transparency and fairness of management and recommendations based on her expert knowledge as a lawyer. Until now, she has not been involved in company management through a method other than an outside officer. However, for the reasons stated above, she is judged as being able to appropriately execute the duties as an Outside Director.			

- Notes: 1. None of the candidates have any special interest in the Company.
 2. Mr. Mahito Ogawa and Ms. Yasuko Teraura are both candidates for Outside Director.
 3. Upon conclusion of this General Shareholders' Meeting, the term of office for Mr. Mahito Ogawa as an Outside Director will be 6 years.
 4. In accordance with rules set forth by the Tokyo Stock Exchange, Inc., Ryosan has designated Mr. Mahito Ogawa as an independent director and has notified the Tokyo Stock Exchange. If reelection of Mr. Ogawa is approved, Ryosan plans to once again designate him as an independent director and notify the Tokyo Stock Exchange. In accordance with rules set forth by the Tokyo Stock Exchange, Inc., if Ms. Yasuko Teraura is elected, Ryosan plans to designate her as an independent director and notify the Tokyo Stock Exchange.
 5. Ryosan concluded a directors and officers liability insurance contract with an insurance company as set forth in Clause 1 of Article 430-3 in the Corporate Act of Japan and will cover insured persons with the said insurance contract mainly for compensation against damages and expenses for lawsuits to be borne by the persons insured. If election of the candidates is approved and passed, the candidates will be included as insured persons in the insurance contract. In addition, during the next insurance contract renewal, Ryosan plans to renew the contract with the same details.
 6. In accordance with rules set forth by Clause 1 of Article 427 in the Corporate Act of Japan, Ryosan has concluded a contract with Mr. Mahito Ogawa limiting his liability for damages as set forth by Clause 1 of Article 423 in the Corporate Act of Japan. The maximum amount of liability for damages based on said contract is the legally prescribed amount. If reelection of Mr. Ogawa is approved, Ryosan plans to continue that contract. Furthermore, if Ms. Yasuko Teraura is elected, Ryosan plans to conclude a similar contract with her.

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<Reference> Skill matrix of Directors and Audit and Supervisory Committee Members

If Proposal 2 and Proposal 3 are approved and passed as originally proposed, the skill matrix of Directors and Audit and Supervisory Committee Members will be as follows.

Name	Position	Corporation Management	Business & Sales	Global	Technology	IT	Personnel & Labor	Finance & Accounting	Risk Management
Kazuhiko Inaba	Representative Director	✓	✓						
Shunya Endo	Director		✓	✓					
Hiroyuki Igari	Director		✓				✓		
Atsushi Kawabata	Outside Director	✓			✓				
Haruyoshi Kawabe	Outside Director	✓				✓			
Keiji Hirooka	Audit and Supervisory Committee Member (Full-time)		✓	✓					
Mahito Ogawa	Audit and Supervisory Committee Member (Outside)							✓	✓
Yasuko Teraura	Audit and Supervisory Committee Member (Outside)			✓			✓		✓

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Proposal 4: Determining the Amount and Content of Performance-Based Stock Remuneration for Directors, Etc.

1. Reason for proposal and reason that this remuneration system is appropriate

The remuneration of the Directors who are not Audit and Supervisory Committee Members of the Company consists of two components: fixed remuneration and performance-based remuneration. At this time, the Company wishes to introduce a new performance-based stock remuneration system (hereinafter “the System”), using a trust, for the Company’s Directors who are not Audit and Supervisory Committee Members of the Company (as stated below, does not include Outside Directors). Details will be entrusted to the discretion of the Board of Directors within the following scope.

The System aims to clarify further the interconnectedness of Directors’ remuneration, the Company’s business results and share value. It is hoped that, by ensuring that Directors share with shareholders the benefits and risks of fluctuations in the share price, Directors will be made more fully aware of their contributions to the improvement of business results and expansion of corporate value over the medium-to-long term. Moreover, in principle the degree to which Directors can transfer the shares issued to them before their retirement is limited. This measure is aimed at incentivizing Directors to strive toward sustainable improvement in corporate value even after their shares have been issued to them.

This proposal is a separate framework from the maximum amount (within 300 million yen per year; does not include the portion of salary received as an employee of the Company) of remuneration of the Directors who are not Audit and Supervisory Committee Members that was approved at the 60th Ordinary General Shareholders’ Meeting held on June 23, 2016. Remuneration will be issued based on the System to Directors who are not Audit and Supervisory Committee Members (does not include Outside Directors) in office during the two-business-year period comprising the business year ending March 31, 2023 and the business year ending March 31, 2024 (hereinafter “the Applicable Period”).

The purpose of introducing the System is as described above. Furthermore, an overview of the content of the policy for determining the content of individual remuneration, etc., of Directors of the Company is described in the business report under section “III Matters Concerning Company Officers” – “2 Remuneration, Etc., of Directors in the Business Year Under Review” – “(3) Matters Concerning the Policy for Determining the Content of Individual Remuneration, Etc.” On the condition that this proposal is approved, the Board of Directors meeting held on May 13, 2022 resolved to change said content as described in this proposal (reference information listed on page 18). This proposal is necessary and rational in order to pay remuneration, etc. in line with the revised policy. Based on the reasons stated above, the Company has determined that the content of this proposal is appropriate.

The System applies to Directors who are not Audit and Supervisory Committee Members (does not include Outside Directors). If Proposal 2 “Election of Five Directors (excluding Directors, Audit and Supervisory Committee Members)” is approved and passed as originally proposed, the System will apply to three Directors.

Note: If this proposal is approved and passed as originally proposed, the Company plans to introduce a similar stock remuneration system for Executive Officers with whom the Company has concluded a mandate agreement.

2. Amount, content, etc., of remuneration, etc., through the System.

(1) Overview of the System

In the System, which is a performance-based stock remuneration system, a trust created using money contributed by the Company (hereinafter “the Trust”) acquires common shares of the Company (hereinafter “Company Shares”). The Company awards a number of points to each Director based on performance. Through the Trust, the Company issues to each Director the number of Company Shares that corresponds to the number of points awarded to that Director. (However, as discussed in 3 below, the Company concludes with each Director a transfer

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restriction agreement that restricts Directors' ability to transfer said Company Shares.)

Please note, however, that the period in which Directors can receive issuance of Company Shares is in principle restricted to a specific period of each business year during the trust period.

1) Persons to whom the System applies	Directors who are not Audit and Supervisory Committee Members of the Company (does not include Outside Directors)
2) Applicable Period	Business year ending March 31, 2023 to the business year ending March 31, 2024
3) Upper limit on contributions by the Company in the form of funds for acquisition of Company Shares required for issuance to the applicable persons defined in 1) above within the Applicable Period defined in 2) above	Total of 80 million yen
4) Method of acquiring Company Shares	By receiving disbursement of treasury shares and/or by acquiring the Company Shares from the stock exchange (including off-floor transactions)
5) Upper limit on total number of points awarded to the applicable persons defined in 1) above	9,000 points per business year
6) Basis for awarding points	Points are awarded according to position and degree of achievement for business goals, etc.
7) Period of issuance of Company Shares to the applicable persons defined in 1) above	Specific period of each business year during the trust period
8) Period of restriction on transfer in the transfer restriction agreement described in 3.	In principle the day from on which Company Shares were issued to the day on which the person leaves the position of Director who is not an Audit and Supervisory Committee Member

(2) Upper limit on money contributed by the Company

The initial trust period of the Trust is a period of about two years. During the Applicable Period, the Company will contribute money to an upper limit of 80 million yen in total as funds for the acquisition of the Company Shares necessary to issue Company Shares through the System as remuneration to serving Directors during the Applicable Period, establishing the Trust with Directors who acquire beneficiary rights in the Trust per (3)-3) below as the beneficiaries. Using the money entrusted to it by the Company as capital, the Trust acquires Company Shares, either through disbursement of treasury shares from the Company or by purchasing them on the stock market (including off-floor transactions).

Note: The money actually entrusted to the Trust by the Company includes not only funds for the acquisition of the Company Shares necessary to issue Company Shares to Directors through the System (as described above), but also the expected amount for necessary expenses such as trust and trustee remuneration.

The Company may, by resolution of the Board of Directors at any time, stipulate an extension to the Applicable Period by a period of no more than five business years, extending in tandem the trust period of the Trust (here and hereinafter, such extension includes effective extension of the trust period by transferring the trust assets of the Trust to another trust with the same objectives as the Trust established by the Company), thereby continuing the System. In such cases, the Company will contribute additional money to the Trust during the extension of the Applicable Period, to a maximum of 40 million yen multiplied by the number of business years of the extension of the Applicable Period. This additional money will serve as additional funds for acquisition of the Company Shares necessary to issue Company Shares to Directors through the System. In this way the Company will continue to award points and issue Company Shares as described in (3) below.

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(3) Method of calculation and upper limit of Company Shares to be issued to Directors

1) Method of awarding points to Directors, etc.

Based on the rules for issuance of shares as stipulated by the Board of Directors, on the date for awarding points during the trust period as stipulated in the rules for issuance of shares, the Company awards points in accordance with each Director's position, degree of achievement of business-result targets and other metrics.

However, the upper limit on the total number of points awarded to Directors by the Company is 9,000 points per business year.

2) Issuance of Company Shares corresponding to the number of points awarded

Directors receive issuance of Company Shares corresponding to the number of points awarded as described in 1) above, in accordance with the procedure described in 3) below. One point is redeemable for one Company Share. However, if circumstances arise in which it would be reasonable to adjust the number of Company Shares issued for each point awarded, such as share splits or share mergers, the Company will conduct a reasonable adjustment in accordance with the share-split ratio, share-merger ratio, etc.

3) Issuance of Company Shares to Directors

In principle, each business year during the trust period, each Director acquires beneficial rights in the Trust and receives issuance of Company Shares from the Trust as described in 2) above, provided said Directors have completed certain procedures, such as concluding the transfer restriction agreement described in 3 below. However, if the Company Shares in the Trust are settled by tender offer, such that the Company Shares in the Trust are converted into cash, the Directors may be issued money (the amount converted) in lieu of Company Shares.

(4) Exercise of voting rights

Based on the instructions of the trustee, who is independent of the Company and the Company's officers, none of the voting rights of the Company Shares in the Trust may be exercised. By using this method, the Company intends to ensure neutrality of the Company's management with respect to the exercise of voting rights in the Company Shares in the Trust.

(5) Handling of dividends

Dividends arising from the Company Shares in the Trust are received by the Trust. They are used to defray the cost of acquisition of the Company Shares, remuneration of the consignee and other costs.

3. Transfer restriction agreement regarding Company Shares issued to Directors

With respect to the issuance of Company Shares as described in 2 (3) 3) above, the Company and the Directors conclude a transfer restriction agreement (hereinafter "the Transfer Restriction Agreement") that includes the details listed below. (For each Director, receiving issuance of Company Shares is contingent upon concluding the Transfer Restriction Agreement.)

However, if a Director who is not an Audit and Supervisory Committee Member has already retired at the time of the share issuance, the Transfer Restriction Agreement will not be concluded and the Company Shares may be issued without transfer restrictions. In this case, a certain percentage of the Company shares from among the Company Shares stated in 2 (3) 2) above may be sold and converted into cash in the Trust for the purpose of withholding funds for withholding taxes and other tax payments by the Company, and then issued in cash in place of the Company shares.

- 1) A Director may not transfer, promise as collateral or otherwise dispose of Company Shares issued to said Director at any time from the date on which the Company Shares are issued to the date of retirement by a Director who is not an Audit and Supervisory Committee Member.

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- 2) If a Director who is not an Audit and Supervisory Committee Member engages in certain types of improper behavior, or if said Director retires for any reason than those stated in 3) (i) and (3) (ii) below, the Company may reacquire the Company Shares without compensation.
- 3) The Company may cancel the restriction on transfer at the time of retirement by a Director who is not an Audit and Supervisory Committee Member if either of the following conditions apply to said Director: (i) retirement was due to a justifiable reason or a reason deemed as unavoidable by the Company, or (ii) retirement was due to death of said Director.
- 4) Notwithstanding 1) and 3) above, if items related to a merger agreement that makes the Company a merged company or other reorganization of the Company are approved by the General Shareholders' Meetings, etc. and come into force, the restriction on transfer may be released at that point, in accordance with the Transfer Restriction Agreement.

In order to prevent transfer, promise as collateral or other disposal of the Company Shares subject to transfer restrictions under the Transfer Restriction Agreement, during the transfer restriction period, the Company plans to manage those Company Shares in a special account opened by the applicable Director at Daiwa Securities Co. Ltd.

In addition to the above, the content of the Transfer Restriction Agreement shall include methods of declaration of intent or notice by the Company in regards to the Transfer Restriction Agreement, methods of revision of the Transfer Restriction Agreement, or other items defined by the Board of Directors.

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<Reference>

Policy for determining the content of remuneration, etc., of individual Directors if Proposal 4 is approved and passed

The policy content and decision method related to deciding the amount and calculation method for remuneration, etc., of the Company's officers is as follows.

1) Method of deciding policy

Policy for determining the content of remuneration, etc., of individual Directors is determined by a resolution of the Board of Directors. The form of the remuneration system for Directors is reviewed by the Nomination and Remuneration Advisory Committee.

2) Basic policy on remuneration of officers

The Company's officer remuneration system operates according to the following basic policy.

- a It is a fair remuneration system that achieves accountability.
- b It is a remuneration system in accordance with the functions and roles fulfilled by each officer.
- c It is a remuneration system that considers increasing corporate value.
- d It is a remuneration system that reflects the business environment and the performance of Ryosan.

3) Remuneration system

Remuneration for Directors is composed of fixed remuneration, performance-based remuneration, and stock-based remuneration, with the remuneration level set according to roles and responsibilities, with reference to the payment standards of other companies in the same industry. Fixed remuneration is paid monthly. Performance-based remuneration is paid in a timely manner by introducing a Director bonus system linked to the standard amount of basic earnings per share. For stock-based remuneration, the Company introduces a performance-based stock remuneration system using a trust. In accordance with the rules for issuance of shares, points are awarded on a certain day every year according to the position and degree of achievement of performance targets, and the number of Company Shares equivalent to the awarded points are issued once certain requirements have been satisfied. This heightens the incentive of Directors to share in shareholder value and to improve corporate value over the mid- to long-term. For Directors and Outside Directors who are Audit and Supervisory Committee Members, only fixed remuneration is paid because said Directors fulfill the role of supervising management from an independent perspective.

4) Matters concerning delegation of authority for determining the content of remuneration, etc., for individual Directors

The Representative Director who oversees Ryosan at the authority of the Board of Directors decides on matter related to the remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members), including the details of performance indicators for performance-based remuneration, the method of calculating the amount and number for performance-based remuneration, and the ratio for each type of remuneration. In order to enable the Representative Director to properly exercise this authority, the Nomination and Remuneration Advisory Committee, which is composed of a majority of Outside Directors, implements measures such as deliberations on topics including conformity with policy for determination. After completion of the applicable procedures, the Committee determines the amount of remuneration for individual Directors (excluding Directors who are Audit and Supervisory Committee Members). The remuneration of Directors who are Audit and Supervisory Committee members is decided through discussions by the Audit and Supervisory Committee.

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Consolidated Balance Sheet

(As of March 31, 2022)

(Millions of yen)

Account	Amount	Account	Amount
ASSETS		LIABILITIES	
Current assets	176,827	Current liabilities	93,869
Cash and deposits	12,066	Accounts payable - trade	42,976
Notes and accounts receivable-trade	92,574	Short-term loans payable	38,079
Merchandise and finished goods	52,636	Commercial papers	4,999
Work in process	11	Lease obligations	224
Accounts receivable - other	18,721	Accounts payable - other	3,469
Other	1,094	Accrued expenses	1,930
Allowance for doubtful accounts	(276)	Income taxes payable	1,798
Non-current assets	13,720	Other	391
Property, plant and equipment	8,338	Non-current liabilities	1,953
Buildings and structures	2,563	Lease obligations	202
Land	5,178	Deferred tax liabilities	597
Leased assets	394	Net defined benefit liability	1,068
Other	201	Asset retirement obligations	23
Intangible assets	985	Other	62
Investments and other assets	4,397	Total liabilities	95,823
Investment securities	3,001	NET ASSETS	
Deferred tax assets	295	Shareholders' equity	89,857
Other	1,206	Capital stock	17,690
Allowance for doubtful accounts	(106)	Capital surplus	19,114
		Retained earnings	59,586
		Treasury shares	(6,534)
		Accumulated other comprehensive income	4,867
		Valuation difference on available-for-sale securities	1,257
		Deferred gains or losses on hedges	1
		Foreign currency translation adjustment	3,634
		Remeasurements of defined benefit plans	(25)
		Total net assets	94,724
Total assets	190,548	Total liabilities and net assets	190,548

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Consolidated Statement of Income

(For the period from April 1, 2021 to March 31, 2022)

(Millions of yen)

Account	Amount	
Net sales		272,647
Cost of sales		247,741
Gross profit		24,906
Selling, general, and administrative expenses		16,049
Operating income		8,857
Non-operating income		
Interest income	31	
Dividend income	71	
Commission fee	34	
Rent income	52	
Miscellaneous income	104	294
Non-operating expenses		
Interest expenses	184	
Share of loss of entities accounted for using equity method	121	
Foreign exchange losses	674	
Miscellaneous loss	86	1,066
Ordinary income		8,085
Extraordinary income		
Gain on sales of non-current assets	0	
Gain on sales of investment securities	57	
Gain on sales of golf club memberships	1	59
Extraordinary loss		
Impairment loss	19	
Loss on valuation of investment securities	1	21
Profit before income taxes		8,123
Income taxes - current	2,516	
Income taxes - deferred	248	2,764
Profit		5,359
Profit attributable to owners of parent		5,359

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Non-consolidated Balance Sheet

(As of March 31, 2022)

(Millions of yen)

Account	Amount	Account	Amount
ASSETS		LIABILITIES	
Current assets	117,426	Current liabilities	65,191
Cash and deposits	6,294	Accounts payable - trade	29,755
Notes receivable - trade	616	Short-term loans payable	26,035
Electronically recorded monetary claims - operating	3,048	Commercial papers	4,999
Accounts receivable - trade	63,995	Lease obligations	163
Merchandise and finished goods	30,734	Accounts payable - other	1,619
Work in process	11	Accrued expenses	1,324
Accounts receivable - other	11,932	Income taxes payable	1,192
Other	799	Other	100
Allowance for doubtful accounts	(7)	Non-current liabilities	2,307
Noncurrent assets	14,287	Lease obligations	136
Property, plant and equipment	7,944	Provision for retirement benefits	734
Buildings	2,454	Provision for loss on guarantees	1,380
Structures	2	Asset retirement obligations	23
Vehicles	0	Other	32
Tools, furniture and fixtures	65	Total liabilities	67,498
Land	5,153	NET ASSETS	
Leased assets	268	Shareholders' equity	62,956
Intangible assets	556	Capital stock	17,690
Goodwill	4	Capital surplus	19,114
Telephone subscription right	47	Legal capital surplus	19,114
Software	503	Retained earnings	32,686
Leased assets	0	Legal retained earnings	1,371
Investments and other assets	5,786	Other retained earnings	31,314
Investment securities	2,912	General reserve	19,300
Shares of subsidiaries and associates	878	Retained earnings brought forward	12,014
Investments in capital	127	Treasury shares	(6,534)
Investments in capital of subsidiaries and affiliates	494	Valuation and translation adjustments	1,258
Deferred tax assets	766	Valuation difference on available-for-sale securities	1,257
Other	606	Deferred gains or losses on hedges	1
		Total net assets	64,214
Total assets	131,713	Total liabilities and net assets	131,713

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Non-consolidated Statement of Income

(For the period from April 1, 2021 to March 31, 2022)

(Millions of yen)

Account	Amount	
Net sales		170,645
Cost of sales		155,407
Gross profit		15,238
Selling, general, and administrative expenses		11,179
Operating income		4,059
Non-operating income		
Interest income	4	
Dividend income	1,869	
Consulting fee income	403	
Miscellaneous income	161	2,438
Non-operating expenses		
Interest expenses	100	
Foreign exchange losses	780	
Loss on investments in partnership	35	
Miscellaneous loss	46	962
Ordinary income		5,535
Extraordinary income		
Gain on sales of non-current assets	0	
Gain on sales of investment securities	57	
Gain on sales of golf memberships	1	
Reversal of allowance for investment loss	7	66
Extraordinary loss		
Impairment loss	19	
Loss on valuation of investment securities	1	
Loss on valuation of shares of subsidiaries and associates	36	
Provision for loss on guarantees	1,380	1,437
Profit before income taxes		4,164
Income taxes - current	1,415	
Income taxes - deferred	(100)	1,315
Profit		2,848