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Securities Code: 8141  
June 6, 2022

**To our shareholders:**

Tatsuya Ogawa  
President and Representative Director  
**Shinko Shoji Co., Ltd.**  
1-2-2 Osaki, Shinagawa-ku, Tokyo, Japan

## **NOTICE OF THE 69TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

This notice is to inform you of the 69th Ordinary General Meeting of Shareholders of Shinko Shoji Co., Ltd. (the “Company”), which will be held as described below.

From the perspective of preventing the spread of the novel coronavirus disease (COVID-19), the meeting shall be held with a reduced number of seats to ensure a certain distance is kept between the seats. Accordingly, the Company requests that shareholders review the attached Reference Documents for the General Meeting of Shareholders and, as far as possible, exercise your voting rights ahead of this General Meeting of Shareholders by postal mail or via the Internet, etc. according to “Guide to Exercising Your Voting Rights” (available only in Japanese) no later than 5:20 p.m., Thursday, June 23, 2022 (JST).

**1 Date and Time:** Friday, June 24, 2022 at 10:00 a.m. (Opening at 9:00 a.m.) (JST)

**2 Venue:** 3F, Sirius, Hotel Gajoen Tokyo  
1-8-1 Shimomeguro, Meguro-ku, Tokyo  
\*As the venue is different from last year, please refer to the “Guide to the venue of the Ordinary General Meeting of Shareholders” (available only in Japanese) at the end of the document and ensure that you visit the right venue.

**3 Purposes:**

**Items to be reported:**

1. Business Report and Consolidated Financial Statements for the 69th Term (from April 1, 2021 to March 31, 2022), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors
2. Non-Consolidated Financial Statements for the 69th Term (from April 1, 2021 - March 31, 2022)

**Items to be resolved:**

**Proposal 1:** Partial Amendments to the Articles of Incorporation  
**Proposal 2:** Election of Nine (9) Directors (excluding Directors Who Are Audit and Supervisory Committee Members)  
**Proposal 3:** Election of Three (3) Directors Who Are Audit and Supervisory Committee Members  
**Proposal 4:** Determination of the Amount of the Compensation, etc. for Directors (excluding Directors Who Are Audit and Supervisory Committee Members)  
**Proposal 5:** Determination of the Amount of the Compensation, etc. for Directors Who Are Audit and Supervisory Committee Members  
**Proposal 6:** Introduction of Performance-Based Stock Compensation Plan for Directors (excluding Directors Who Are Audit and Supervisory Committee Members and Outside Directors)

### **Guide for Shareholders**

- This year, similarly to last year, we shall cancel the shareholder roundtable discussion to prevent the spread of COVID-19.
- No gifts will be provided at the venue of the General Meeting of Shareholders.
- The Company uses the electronic voting rights exercise platform for institutional investors operated by ICJ, Inc.
- Should the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, or the Non-Consolidated Financial Statements require revisions, the revised versions shall be posted on the Company's website.

#### [Disclosure on the Internet]

- The following matters are posted on the Company's website stated below, and are therefore not included in the documents attached to this convocation notice, pursuant to laws and regulations and Article 16 of the Company's Articles of Incorporation.
  1. "Systems and Policies of the Company" under the Business Report
  2. "Consolidated Statement of Changes in Net Assets" and "Notes to the Consolidated Financial Statements" under the Consolidated Financial Statements
  3. "Non-Consolidated Statement of Changes in Net Assets" and "Notes to the Non-Consolidated Financial Statements" under the Non-Consolidated Financial Statements

Accordingly, the documents attached to this convocation notice are a portion of the Business Report audited by the Corporate Auditors when preparing the audit report, and a portion of the Consolidated Financial Statements and Non-Consolidated Financial Statements audited by the Corporate Auditors and the Accounting Auditor.

#### [Requests to shareholders who shall be attending the meeting]

- Shareholders attending the meeting are requested to wear masks, and to disinfect their hands with alcohol, and go through a temperature check at the reception area of the venue.
- Those who are identified as having a fever from the above temperature check and those who appear to be unwell may be refused entry.
- The Company's officers and administrative staff shall be wearing masks at the meeting, after undergoing checks, including temperature checks, on their physical conditions.
- To prevent the spread of COVID-19, the items to be reported at the meeting venue and detailed explanations of the proposals shall be omitted or simplified.
- The above responses may be changed depending on the status of the spread of COVID-19 and announcements by the government up until the day of the General Meeting of Shareholders. In the event of an important change in the operation of the General Meeting of Shareholders, a notification shall be posted on the Company's website.

**The Company's website:** <https://www.shinko-sj.co.jp/e/>

# Reference Documents for the General Meeting of Shareholders

## **Proposal 1:** Partial Amendments to the Articles of Incorporation

### 1. Purpose of the amendments to the Articles of Incorporation

- (1) The Company shall transition to a Company with an Audit and Supervisory Committee with the aims of further improving management transparency and further speeding up decision-making, through strengthening the supervisory function of the Board of Directors and strengthening corporate governance. Accordingly, necessary amendments will be made, such as the establishment of new provisions concerning the Audit and Supervisory Committee and Audit and Supervisory Committee Members, the deletion of provisions concerning the Board of Corporate Auditors and Corporate Auditors, and the establishment of a new provision that enables the delegation of important business execution decisions to Directors.
- (2) The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022. The purpose of the amendments is to prepare for the introduction of the system for electronic provision of materials for General Meetings of Shareholders.
  - i) The proposed Article 16, Paragraph 1 provides that information contained in the reference documents for the General Meeting of Shareholders, etc. shall be provided electronically.
  - ii) The purpose of the proposed Article 16, Paragraph 2 is to establish a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
  - iii) The provisions related to the internet disclosure and deemed provision of the reference documents for the General Meeting of Shareholders, etc. (Article 16 of the current Articles of Incorporation) will become unnecessary and shall therefore be deleted.
  - iv) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.
- (3) In order to improve the ease of viewing public announcements and to streamline the procedures for public notices, the Company shall change its method of public notice from notices on “The Nikkei” newspaper to electronic public notices. At the same time, measures shall be stipulated for cases where an electronic public notice cannot be made due to unavoidable reasons.
- (4) Amendments that are required in line with each of the above changes, such as the changing of article numbers, shall be made.

2. Content of the amendments

The content of the amendments to be made are as follows.

This proposal shall take effect at the conclusion of this General Meeting.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">Chapter I General Provisions Articles 1-3 (Omitted)</p> <p>(Organizations)</p> <p>Article 4 The Company shall have the following organizations in addition to the General Meeting of Shareholders and Directors:</p> <p style="padding-left: 40px;">(1) Board of Directors (2) <u>Corporate Auditors</u> (3) <u>Board of Corporate Auditors</u> (4) <u>Accounting Auditor</u></p> <p>(Method of Public Notice)</p> <p>Article 5 Public notices of the Company shall be <u>given in “The Nikkei” newspaper.</u></p> <p style="text-align: center;">Chapter II Shares Articles 6-12 (Omitted)</p> <p style="text-align: center;">Chapter III General Meeting of Shareholders Articles 13-15 (Omitted)</p> <p><u>(Internet Disclosure and Deemed Provision of Reference Documents of the General Meeting of Shareholders, Etc.)</u></p> <p><u>Article 16 When the Company convenes a General Meeting of Shareholders, if it discloses information that is to be stated or indicated in the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements through the internet in accordance with the provisions prescribed by the Ordinance of the Ministry of Justice, it may be deemed that the Company has provided this information to shareholders.</u></p>	<p style="text-align: center;">Chapter I General Provisions Articles 1-3 (Unchanged)</p> <p>(Organizations)</p> <p>Article 4 The Company shall have the following organizations in addition to the General Meeting of Shareholders and Directors:</p> <p style="padding-left: 40px;">(1) Board of Directors (2) <u>Audit and Supervisory Committee</u> (Deleted) (3) <u>Accounting Auditor</u></p> <p>(Method of Public Notice)</p> <p>Article 5 Public notices of the Company shall be <u>issued as electronic public notices. However, if the Company is unable to issue an electronic public notice due to an accident or any other unavoidable reason, public notices shall be issued in an official gazette.</u></p> <p style="text-align: center;">Chapter II Shares Articles 6-12 (Unchanged)</p> <p style="text-align: center;">Chapter III General Meeting of Shareholders Articles 13-15 (Unchanged)</p> <p style="text-align: center;">(Deleted)</p>

Current Articles of Incorporation	Proposed Amendments
<p>(Newly established)</p> <p>Articles 17-19 (Omitted)</p> <p>Chapter IV Directors and Board of Directors</p> <p>(Number of Directors)</p> <p>Article 20 The number of Directors of the Company shall not exceed twelve (12).</p> <p>(Newly established)</p> <p>(Election of Directors)</p> <p>Article 21 Directors shall be elected at General Meetings of Shareholders.</p> <p>2. Resolutions for the election of Directors shall be adopted by a majority of voting rights of the shareholders in attendance who hold in the aggregate one-third (1/3) or more of the total voting rights of shareholders entitled to exercise voting rights.</p> <p>3. Resolutions for the election of Directors shall not be made by cumulative voting.</p>	<p>(Measures for Electronic Provision, etc.)</p> <p><u>Article 16 The Company shall, when convening a General Meeting of Shareholders, provide information contained in the Reference Documents for the General Meeting of Shareholders, etc. electronically.</u></p> <p><u>2. Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u></p> <p>Articles 17-19 (Unchanged)</p> <p>Chapter IV Directors and Board of Directors</p> <p>(Number of Directors)</p> <p>Article 20 The number of Directors (<u>excluding Directors who are Audit and Supervisory Committee Members</u>) of the Company shall not exceed twelve (12).</p> <p><u>2. The number of Directors who are Audit and Supervisory Committee Members (hereinafter “Audit and Supervisory Committee Members”) of the Company shall not exceed four (4).</u></p> <p>(Election of Directors)</p> <p>Article 21 Directors shall be elected at General Meetings of Shareholders <u>by distinguishing Directors who are Audit and Supervisory Committee Members from other Directors.</u></p> <p>2. Resolutions for the election of Directors shall be adopted by a majority of voting rights of the shareholders in attendance who hold in the aggregate one-third (1/3) or more of the total voting rights of shareholders entitled to exercise voting rights.</p> <p>3. Resolutions for the election of Directors shall not be made by cumulative voting.</p>

Current Articles of Incorporation	Proposed Amendments
<p>(Term of Office)</p> <p>Article 22 The term of office of a Director shall expire upon the conclusion of the Ordinary General Meeting of Shareholders held with respect to the last business year ending within one (1) year from their election to office.</p> <p style="text-align: center;">(Newly established)</p> <p style="text-align: center;">(Newly established)</p> <p style="text-align: center;">(Newly established)</p>	<p>(Term of Office)</p> <p>Article 22 The term of office of a Director shall expire upon the conclusion of the Ordinary General Meeting of Shareholders held with respect to the last business year ending within one (1) year from their election to office.</p> <p>2. <u>Notwithstanding the provisions of the preceding paragraph, the term of office of an Audit and Supervisory Committee Member shall expire upon the conclusion of the Ordinary General Meeting of Shareholders held with respect to the last business year ending within two (2) years from their election to office.</u></p> <p>3. <u>The term of office of an Audit and Supervisory Committee Member elected as a substitute shall be the same as the remaining term of office of the retired Audit and Supervisory Committee Member.</u></p> <p>4. <u>For a substitute Audit and Supervisory Committee Member elected pursuant to Article 329, Paragraph 3 of the Companies Act, the effective period of the resolution of the election is until the start of the Ordinary General Meeting of Shareholders held with respect to the last business year ending within two (2) years from their election to office, unless shortened by said resolution.</u></p>
<p>(Convenor and Chairperson of Board of Directors, and Convocation Notice)</p> <p>Article 23 The President and Representative Director shall convene the Board of Directors' meetings and act as the chairperson thereof, unless otherwise provided for by laws and regulations. If the President and Representative Director encounters an accident, another Director, selected according to an order of succession previously determined by the Board of Directors, shall convene the Board of Directors' meeting and act as the chairperson thereof.</p> <p>2. A convocation notice of a Board of Directors' meeting shall be sent to each Director <u>and each Corporate Auditor</u> at least three (3) days prior to the meeting. However, in the event of an urgent situation, such period may be shortened.</p> <p>3. When the consent of all Directors <u>and all Corporate Auditors</u> is obtained, a Board of Directors' meeting may be held without following the procedures for convening a meeting.</p>	<p>(Convenor and Chairperson of Board of Directors, and Convocation Notice)</p> <p>Article 23 The President and Representative Director shall convene the Board of Directors' meetings and act as the chairperson thereof, unless otherwise provided for by laws and regulations. If the President and Representative Director encounters an accident, another Director, selected according to an order of succession previously determined by the Board of Directors, shall convene the Board of Directors' meeting and act as the chairperson thereof.</p> <p>2. A convocation notice of a Board of Directors' meeting shall be sent to each Director at least three (3) days prior to the meeting. However, in the event of an urgent situation, such period may be shortened.</p> <p>3. When the consent of all Directors is obtained, a Board of Directors' meeting may be held without following the procedures for convening a meeting.</p>

Current Articles of Incorporation	Proposed Amendments
<p>Articles 24-25 (Omitted)</p> <p>(Newly established)</p> <p>(Representative Directors and Directors with Special Titles)</p> <p>Article <u>26</u> (Omitted)</p> <p>(Minutes of Board of Directors' Meetings)</p> <p>Article <u>27</u> A summary of the proceedings at a Board of Directors' meeting, the results thereof and other matters provided for by laws and regulations shall be entered or recorded in the minutes, and the Directors <u>and Corporate Auditors</u> present shall inscribe their names and affix their seals thereon or put their electronic signatures thereon.</p> <p>(Counselors and Advisers)</p> <p>Article <u>28</u> (Omitted) (Compensation, etc.)</p> <p>Article <u>29</u> Compensation, bonuses and other property benefit Directors receive from the Company in exchange for the execution of duties (<u>hereinafter "Compensation, etc."</u>) shall be determined by resolution of the General Meeting of Shareholders.</p> <p>Articles <u>30-31</u> (Omitted)</p> <p>Chapter V <u>Corporate Auditors and Board of Corporate Auditors</u></p> <p>(<u>Number of Corporate Auditors</u>)</p> <p>Article <u>32</u> <u>The number of Corporate Auditors of the Company shall not exceed four (4).</u></p>	<p>Articles 24-25 (Unchanged)</p> <p><u>(Delegation of Business Execution Decisions to Directors)</u></p> <p><u>Article 26 Pursuant to Article 399-13, Paragraph 6 of the Companies Act, the Company may, by resolution of the Board of Directors, delegate all or part of decisions on the execution of important business operations (excluding matters listed in each item of Paragraph 5 of the same Article) to Directors.</u></p> <p>(Representative Directors and Directors with Special Titles)</p> <p>Article <u>27</u> (Unchanged)</p> <p>(Minutes of Board of Directors' Meetings)</p> <p>Article <u>28</u> A summary of the proceedings at a Board of Directors' meeting, the results thereof and other matters provided for by laws and regulations shall be entered or recorded in the minutes, and the Directors present shall inscribe their names and affix their seals thereon or put their electronic signatures thereon.</p> <p>(Counselors and Advisers)</p> <p>Article <u>29</u> (Unchanged) (Compensation, etc.)</p> <p>Article <u>30</u> Compensation, bonuses and other property benefit Directors receive from the Company in exchange for the execution of duties shall be determined by resolution of the General Meeting of Shareholders, <u>by distinguishing Directors who are Audit and Supervisory Committee Members from other Directors.</u></p> <p>Articles <u>31-32</u> (Unchanged)</p> <p>Chapter V <u>Audit and Supervisory Committee</u></p> <p>(Deleted)</p>

Current Articles of Incorporation	Proposed Amendments
<u>(Election of Corporate Auditors)</u>	(Deleted)
<u>Article 33 Corporate Auditors shall be elected at General Meetings of Shareholders.</u>	
<u>2. Resolutions for the election of Corporate Auditors shall be adopted by a majority of voting rights of the shareholders in attendance who hold in the aggregate one-third (1/3) or more of the total voting rights of shareholders entitled to exercise voting rights.</u>	(Deleted)
<u>(Term of Office)</u>	(Deleted)
<u>Article 34 The term of office of a Corporate Auditor shall expire upon the conclusion of the General Meeting of Shareholders held with respect to the last business year ending within four (4) years from their election to office.</u>	
<u>2. The term of office of a Corporate Auditor elected as a substitute for a Corporate Auditor who retired before the expiry of their term shall be the same as the remaining term of office of the retired Corporate Auditor.</u>	(Deleted)
<u>(Full-Time Corporate Auditors)</u>	<u>(Full-Time Audit and Supervisory Committee Members)</u>
<u>Article 35 The Board of Corporate Auditors may appoint by resolution one or more Full-Time Corporate Auditors.</u>	<u>Article 33 The Audit and Supervisory Committee may appoint by resolution one or more Full-Time Audit and Supervisory Committee Members.</u>
<u>(Convocation Notice of Board of Corporate Auditors' Meetings)</u>	<u>(Convocation Notice of Audit and Supervisory Committee Meetings)</u>
<u>Article 36 A convocation notice of a Board of Corporate Auditors' meeting shall be sent to each Corporate Auditor at least three (3) days prior to the meeting. However, in the event of an urgent situation, such period may be shortened.</u>	<u>Article 34 A convocation notice of an Audit and Supervisory Committee meeting shall be sent to each Audit and Supervisory Committee Member at least three (3) days prior to the meeting. However, in the event of an urgent situation, such period may be shortened.</u>
<u>2. When the consent of all Corporate Auditors is obtained, a Board of Corporate Auditors' meeting may be held without following the procedures for convening a meeting.</u>	<u>2. When the consent of all Audit and Supervisory Committee Members is obtained, an Audit and Supervisory Committee meeting may be held without following the procedures for convening a meeting.</u>
<u>(Resolutions of the Board of Corporate Auditors)</u>	<u>(Resolutions of the Audit and Supervisory Committee)</u>
<u>Article 37 Unless otherwise provided for by laws and regulations, resolutions of the Board of Corporate Auditors shall be adopted by a majority vote of the Corporate Auditors.</u>	<u>Article 35 Unless otherwise provided for by laws and regulations, resolutions of the Audit and Supervisory Committee shall be adopted by a majority vote of the Audit and Supervisory Committee Members present, who constitute a majority of the total number of Audit and Supervisory Committee Members.</u>



Current Articles of Incorporation	Proposed Amendments
<p>(Minutes of <u>Board of Corporate Auditors' Meetings</u>)  Article <u>38</u> A summary of the proceedings at a <u>Board of Corporate Auditors'</u> meeting, the results thereof and other matters provided for by laws and regulations shall be entered or recorded in the minutes, and the <u>Corporate Auditors</u> present shall inscribe their names and affix their seals thereon or put their electronic signatures thereon.</p> <p>(<u>Compensation, etc.</u>)  Article <u>39</u> <u>Compensation, etc. of Corporate Auditors shall be determined by resolution of the General Meeting of Shareholders.</u></p> <p>(<u>Board of Corporate Auditors Regulations</u>)  Article <u>40</u> Matters concerning the <u>Board of Corporate Auditors</u> shall be governed by the <u>Board of Corporate Auditors</u> Regulations established by the <u>Board of Corporate Auditors</u>, in addition to laws and regulations or these Articles of Incorporation.</p> <p>(<u>Exemption of Corporate Auditors from Liability</u>)  Article <u>41</u> <u>Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, by resolution of the Board of Directors, exempt a Corporate Auditor (including a person who was a Corporate Auditor) from liability for damages related to an act that arose due to neglect of duty, to the extent permitted by laws and regulations.</u></p> <p>2. <u>Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with a Corporate Auditor to limit their liability for damages arising from neglect of duty. However, the maximum limitation of liability based on said agreement shall be the amount provided for by laws and regulations.</u></p> <p>Chapter VI Accounting Auditor  Articles <u>42-44</u> (Omitted)</p> <p>Chapter VII Accounts  Articles <u>45-48</u> (Omitted)</p>	<p>(Minutes of <u>Audit and Supervisory Committee Meetings</u>)  Article <u>36</u> A summary of the proceedings at an <u>Audit and Supervisory Committee</u> meeting, the results thereof and other matters provided for by laws and regulations shall be entered or recorded in the minutes, and the <u>Audit and Supervisory Committee Members</u> present shall inscribe their names and affix their seals thereon or put their electronic signatures thereon.</p> <p>(Deleted)</p> <p>(<u>Audit and Supervisory Committee Regulations</u>)  Article <u>37</u> Matters concerning the <u>Audit and Supervisory Committee</u> shall be governed by the <u>Audit and Supervisory Committee</u> Regulations established by the <u>Audit and Supervisory Committee</u>, in addition to laws and regulations or these Articles of Incorporation.</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>Chapter VI Accounting Auditor  Articles <u>38-40</u> (Unchanged)</p> <p>Chapter VII Accounts  Articles <u>41-44</u> (Unchanged)</p>



**Proposal 2:** Election of Nine (9) Directors (excluding Directors Who Are Audit and Supervisory Committee Members)

Subject to the approval of Proposal 1 “Partial Amendments to the Articles of Incorporation,” the Company shall transition to a Company with an Audit and Supervisory Committee. Accordingly, as the term of office of all ten (10) Directors will expire at the conclusion of this General Meeting, the Company proposes the election of nine (9) Directors (excluding Directors who are Audit and Supervisory Committee Members). This proposal shall come into effect when Proposal 1 “Partial Amendments to the Articles of Incorporation” takes effect.

The candidates for Directors (excluding Directors who are Audit and Supervisory Committee Members) are as follows:

No.	Name	Candidate attributes	Positions and responsibilities in the Company	Attendance at Board of Directors' meetings
1	Tatsuya Ogawa	[Reappointment]	President and Representative Director Responsible for Audit Office	17/17
2	Junichi Inaba	[Reappointment]	Managing Director Overall Control of Sales Division and Marketing & Engineering Department, responsible for Sales Support Office, Sales Department 1, Sales Department 3, and New Business Sales Department	17/17
3	Katsuhiro Hosono	[Reappointment]	Director Responsible for Chubu Tokai Block Department, Amusement Systems Sales Department, EMS Sales Promotion Department, and Commissioned Design Development Department	17/17
4	Shuji Isshiki	[Reappointment]	Director Overall Control of Administrative Division, responsible for Corporate Planning & Human Resources Department, Information System Office, General Affairs Department, Logistics Department, Domestic Affiliated Companies, and Manager of Accounting Department	17/17
5	Katsuei Kobayashi	[Reappointment]	Director Responsible for Devices & Solutions Engineering Department, General Manager of Automotive Solutions Engineering Department	17/17
6	Kunihiro Inoue	[Reappointment]	Director Responsible for West Japan Block Department, Koshinetsu Block Department, and Electronic Component Sales Promotion Department	17/17
7	Masanori Ishito	[Reappointment]	Director Responsible for Sales Department 2, East Japan Block Department, Overseas Sales Promotion Department, and Overseas Affiliated Companies	13/13

No.	Name	Candidate attributes	Positions and responsibilities in the Company	Attendance at Board of Directors' meetings
8	Toshio Oura	[Reappointment] [Outside] [Independent]	Director	17/17
9	Tatsuyoshi Yoshiike	[Reappointment] [Outside] [Independent]	Director	17/17

Reappointment      Candidate for reappointment as Director

New appointment      Candidate for appointment as Director

Outside      Candidate for Outside Director

Independent      Independent officer as prescribed by the Tokyo Stock Exchange

No.	Name (Date of birth)	Career summary, position and responsibilities		Number of the Company's shares owned
1	Tatsuya Ogawa (December 17, 1963)  [Reappointment]  [Status of attendance at Board of Directors' meetings] 17/17	April 1986 November 1996 April 2006 June 2008 April 2013 June 2021	Joined the Company President of NOVALUX EUROPE LTD. (secondment) President of Novalux Hong Kong Electronics Ltd. (secondment) Director of the Company President and Representative Director of the Company President and Representative Director of the Company (responsible for Audit Office) (present position)	18,100
<p>[Reasons for nomination as candidate for Director]</p> <p>After being stationed at overseas subsidiaries for about 20 years, Tatsuya Ogawa has garnered extensive experience at overseas businesses that utilize semiconductor design technologies. During this period, for 10 years, he served as President of local subsidiaries, and produced a track record of rapidly developing the overseas business and contributing to the strengthening of the revenue foundation. As he is knowledgeable about the electronic components industry and has management capabilities and a high degree of insight, he can be expected to respond promptly and optimally to diversifying business issues and further improve corporate value. Therefore, he has been nominated as a candidate for Director.</p>				
2	Junichi Inaba (September 2, 1959)  [Reappointment]  [Status of attendance at Board of Directors' meetings] 17/17	April 1982 May 1989 July 2000 April 2002 June 2008 January 2011 June 2011 April 2015 April 2022	Joined NEC Corporation NEC Electronics Singapore Pte, Ltd. (secondment) Manager of Sales Department I, Sales Business Division I of NEC Corporation President of NEC Electronics Hong Kong Ltd. (secondment) Manager, Sales Business Division II of NEC Electronics Corporation (currently Renesas Electronics Corporation) Joined the Company Director of the Company Managing Director of the Company Managing Director of the Company (Overall Control of Sales Division and Marketing & Engineering Department, responsible for Sales Support Office, Sales Department 1, Sales Department 3, New Business Sales Department) (present position)	15,300
<p>[Reasons for nomination as candidate for Director]</p> <p>Junichi Inaba has been engaged for many years in the semiconductor industry at NEC and Renesas Electronics. He also has abundant experience as the person in charge of the domestic business and of an overseas company. Coupled with his knowledge as a corporate manager, he can be expected to realize further business development and improve corporate value by promoting various businesses based on his wide network of connections. Therefore, he has been nominated as a candidate for Director.</p>				

No.	Name (Date of birth)	Career summary, position and responsibilities		Number of the Company's shares owned
3	Katsuhiro Hosono (August 23, 1966)  [Reappointment]  [Status of attendance at Board of Directors' meetings] 17/17	April 1989	Joined the Company	6,200
		April 2007	Branch Manager of the Nagoya office	
		June 2014	Director of the Company	
		April 2021	Director of the Company (responsible for Chubu Tokai Block Department, Amusement Systems Sales Department, EMS Sales Promotion Department, and Commissioned Design Development Department) (present position)	
[Reasons for nomination as candidate for Director] Katsuhiro Hosono has been involved in the amusement industry, the Company's core business, for many years, and has a track record of developing the business significantly. Utilizing the abundant operational knowledge and connections he garnered during that time, he can be expected to implement accurate responses in the diversifying electronics industry, and to realize further business expansion and full execution of the medium-term management plan. Therefore, he has been nominated as a candidate for Director.				
4	Shuji Isshiki (March 28, 1964)  [Reappointment]  [Status of attendance at Board of Directors' meetings] 17/17	April 1986	Joined The Bank of Yokohama, Ltd.	3,600
		October 2009	Deputy Manager of Financial Market Department of The Bank of Yokohama, Ltd.	
		May 2012	Deputy Manager, in charge of ALM, Corporate Planning Department of The Bank of Yokohama, Ltd.	
		April 2017	Senior Manager of Corporate Planning Department of Concordia Financial Group, Ltd. (secondment)	
		January 2019	Joined the Company	
		June 2019	Director of the Company	
		April 2021	Director of the Company (Overall Control of Administrative Division, responsible for Corporate Planning & Human Resources Department, Information System Office, General Affairs Department, Logistics Department, Domestic Affiliated Companies, and Manager of Accounting Department) (present position)	
[Reasons for nomination as candidate for Director] With over 30 years of experience working at financial institutions, Shuji Isshiki has abundant experience in the planning department, including the formulation of investment and procurement plans for the entire bank and the formulation of strategies for market departments. As he is in charge of the overall Administrative Division at the Company, and has experience and knowledge in corporate planning, financial strategy, risk management, etc., he can be expected to respond promptly and appropriately to diversifying management issues. Therefore, he has been nominated as a candidate for Director.				

No.	Name (Date of birth)	Career summary, position and responsibilities		Number of the Company's shares owned
5	Katsuei Kobayashi (September 19, 1966)  [Reappointment]  [Status of attendance at Board of Directors' meetings] 17/17	April 1990	Joined NEC Corporation	900
		July 2000 April 2011	NEC Electronics Inc. (secondment) Senior Manager of Automotive Electronics Control Systems Marketing Department, Automotive Systems Division, Renesas Electronics Corporation	
		June 2013 June 2019	Joined the Company Director of the Company (responsible for Devices & Solutions Engineering Department, General Manager of Automotive Solutions Engineering Department) (present position)	
[Reasons for nomination as candidate for Director] Katsuei Kobayashi has been engaged for many years in semiconductor development and solution development at NEC and Renesas Electronics. Furthermore, as he has knowledge of global development and sales management from his experience of being stationed in the U.S., he can be expected to respond promptly and accurately during this period of reform in the electronics industry, which includes IoT, AI, and the rapid shift of automobiles to electric vehicles. Therefore, he has been nominated as a candidate for Director.				
6	Kunihiro Inoue (October 11, 1965)  [Reappointment]  [Status of attendance at Board of Directors' meetings] 17/17	April 1988	Joined the Company	2,900
		April 2006 April 2009 April 2016 June 2020	Branch Manager of the Osaka office General Manager of West Japan Block Department President of SHINKO (PTE) LTD. (secondment) Director of the Company (responsible for West Japan Block Department, Koshinetsu Block Department, and Electronic Component Sales Promotion Department) (present position)	
Reasons for nomination as candidate for Director As the person in charge of the sales department, Kunihiro Inoue has been involved in the operations of the Company's important automobile-related clients for many years, and has a wealth of experience and a wide range of connections. In addition, as he has garnered knowledge with a global perspective through serving as President of an overseas subsidiary, he can be expected to implement accurate responses in the diversifying electronics industry, and to realize further business expansion and full execution of the medium-term management plan. Therefore, he has been nominated as a candidate for Director.				
7	Masanori Ishito (February 16, 1967)  [Reappointment]  [Status of attendance at Board of Directors' meetings] 13/13	April 1989	Joined the Company	3,300
		April 2008 April 2011 June 2021	Branch Manager of the Chiba Office President of NOVALUX Shanghai Electronics Limited (secondment) Director of the Company (responsible for Sales Department 2, East Japan Block Department, Overseas Sales Promotion Department, and Overseas Affiliated Companies) (present position)	
[Reasons for nomination as candidate for Director] Masanori Ishito possesses a broad range of experience and connections through his involvement in client operations related to numerous types of industrial equipment in Japan. In addition, he has garnered knowledge with a global perspective through his ten years of experience as President of an overseas subsidiary. Going forward, he can be expected to implement accurate responses in the diversifying electronics industry, and to realize further business expansion and full execution of the medium-term management plan. Therefore, he has been nominated as a candidate for Director.				

No.	Name (Date of birth)	Career summary, position and responsibilities		Number of the Company's shares owned
8	Toshio Oura (December 20, 1948)  [Reappointment] [Outside] [Independent]  [Status of attendance at Board of Directors' meetings] 17/17	April 1971 June 2003 April 2006 June 2008  July 2011 July 2013 June 2015	Joined MITSUI-SOKO Co., Ltd. Director of MITSUI-SOKO Co., Ltd. Managing Director of MITSUI-SOKO Co., Ltd. Director of MITSUI-SOKO Co., Ltd. and President of MITSUI WAREHOUSE TERMINAL SERVICE CO., LTD. Adviser of MITSUI-SOKO Co., Ltd. Retired from Adviser of MITSUI-SOKO Co., Ltd. Director of the Company (present position)	-
	<p>[Reasons for nomination as candidate for Outside Director and overview of expected roles]</p> <p>Toshio Oura has extensive experience in company management both as an Officer and President, has a wide range of insights, and is a person we can recommend to contribute to expanding shareholder interests and maximizing corporate value. He has suitable experience and ability to be a candidate for Outside Director of the Company. In addition, if the candidate is elected, the Company expects him to fulfill his duties, including making important management decisions and supervising the execution of business, and plans for him to be involved in selecting candidates for the Company's officers and determining compensation, etc. of officers from an independent standpoint as a member of the Nominating and Compensation Committee.</p>			



No.	Name (Date of birth)	Career summary, position and responsibilities	Number of the Company's shares owned
9	Tatsuyoshi Yoshiike (May 9, 1952)  [Reappointment] [Outside] [Independent]  [Status of attendance at the Board of Directors' meetings] 17/17	<p>April 1975      Joined HIOKI E.E. CORPORATION</p> <p>March 1995      Director, Director of Sales &amp; Marketing of HIOKI E.E. CORPORATION</p> <p>March 1997      Director and Managing Executive Officer, Director of Sales &amp; Marketing of HIOKI E.E. CORPORATION</p> <p>March 2003      Director and Managing Executive Officer, Director of Administration of HIOKI E.E. CORPORATION</p> <p>March 2005      President &amp; CEO of HIOKI E.E. CORPORATION</p> <p>February 2013    Chairman and Director of HIOKI E.E. CORPORATION</p> <p>February 2015    Retired from Director of HIOKI E.E. CORPORATION</p> <p>June 2015        Assumed office as Outside Director of CHINO CORPORATION (present position)</p> <p>June 2016        Director of the Company (present position)</p> <p>[Significant concurrent positions outside the Company] Outside Director of CHINO CORPORATION</p>	-
<p>[Reasons for nomination as candidate for Outside Director and overview of expected roles]</p> <p>Tatsuyoshi Yoshiike has experience and track record as President of the listed company, and is knowledgeable in the electronics industry. He has suitable experience and ability to be a candidate for Outside Director of the Company. In addition, if the candidate is elected, the Company expects him to fulfill his duties, including making important management decisions and supervising the execution of business, and plans for him to be involved in selecting candidates for the Company's officers and determining compensation, etc. of officers from an independent standpoint as a member of the Nominating and Compensation Committee.</p>			

- Notes:
1. Toshio Oura and Tatsuyoshi Yoshiike are candidates for Outside Directors.
  2. The Company has registered Toshio Oura and Tatsuyoshi Yoshiike to the Tokyo Stock Exchange as independent officers as prescribed by the Tokyo Stock Exchange.
  3. The term of office for Toshio Oura as the Company's Outside Director will have been seven years at the conclusion of this General Meeting.
  4. The term of office for Tatsuyoshi Yoshiike as the Company's Outside Director will have been six years at the conclusion of this General Meeting.
  5. There is no special interest between the candidates and the Company.
  6. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The insurance policy covers an insured's losses (including defense costs and amount of indemnification) incurred from litigation claims for damages, etc. (including shareholder lawsuits) arising from the insured's assumption of liability during the term of the policy. (However, performance of an illegal act with full knowledge of its illegality is excluded.) If each candidate is elected and assumes office as Director, they will be included as an insured in this insurance policy. In addition, when the insurance policy is renewed, the Company plans to renew the policy with the same terms.

**Proposal 3: Election of Three (3) Directors Who Are Audit and Supervisory Committee Members**

Subject to the approval of Proposal 1 “Partial Amendments to the Articles of Incorporation,” the Company shall transition to a Company with an Audit and Supervisory Committee. Accordingly, the Company proposes to elect a total of three (3) Directors who are Audit and Supervisory Committee Members. The Board of Corporate Auditors has given its consent to this proposal.

This proposal shall come into effect when Proposal 1 “Partial Amendments to the Articles of Incorporation” takes effect.

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

No.	Name (Date of birth)	Career summary, position and responsibilities		Number of the Company’s shares owned
1	<p>Fumitaka Yuge (August 1, 1960)</p> <p>[New appointment]</p> <p>[Status of attendance at Board of Directors’ meetings] 17/17</p> <p>[Status of attendance at Board of Corporate Auditors’ meetings] 15/15</p>	<p>April 1984</p> <p>April 1998</p> <p>April 2008</p> <p>June 2013</p> <p>June 2020</p>	<p>Joined the Company</p> <p>President of Novalux Hong Kong Electronics Ltd. (secondment)</p> <p>President of NT Sales Co., Ltd. (secondment)</p> <p>Director of the Company</p> <p>Corporate Auditor of the Company (present position)</p>	21,000
<p>[Reasons for nomination as candidate for Director who is an Audit and Supervisory Committee Member]</p> <p>Fumitaka Yuge is well-versed in corporate management from his many years of serving as President of an overseas subsidiary and of a domestic affiliated company, and as a Director of the Company. He also has abundant experience serving as a Corporate Auditor. As an Audit and Supervisory Committee Member, he can be expected to strengthen the supervisory function and enhance the governance system appropriately in order to realize sustainable growth of the Company. Therefore, he has been nominated as a candidate for Director who is an Audit and Supervisory Committee Member. Furthermore, he is expected to bring up issues and provide advice on the selection of officer candidates and the determination of officer compensation, etc. as a member of the Nominating and Compensation Committee.</p>				

No.	Name (Date of birth)	Career summary, position and responsibilities		Number of the Company's shares owned
2	Toshihiko Ishihara (November 30, 1952)  [New appointment] [Outside] [Independent]  [Status of attendance at Board of Directors' meetings] 17/17  [Status of attendance at Board of Corporate Auditors' meetings] 15/15	April 1976  April 2011  June 2013  June 2017 June 2018  June 2019	Joined FUJI ELECTRIC CO., LTD.  Executive Officer and Head of Human Resources Office of FUJI ELECTRIC CO., LTD.  Full-time Corporate Auditor of FUJI ELECTRIC CO., LTD.  Adviser of FUJI ELECTRIC CO., LTD.  Retired from Adviser of FUJI ELECTRIC CO., LTD.  Outside Corporate Auditor of the Company (present position)	-
	<p>[Reasons for nomination as candidate for Outside Director who is an Audit and Supervisory Committee Member and expected roles]</p> <p>Toshihiko Ishihara has been involved in administrative department operations, centered on human resources and general affairs departments, for many years at listed companies. He has served as Executive Officer and Full-time Corporate Auditor, and has a wealth of experience and exceptional knowledge. If he is elected, he can be expected to perform duties such as making decisions on important matters in management and supervising the execution of business. Therefore, he has been nominated as a candidate for Outside Director who is an Audit and Supervisory Committee Member. Furthermore, he is expected to be involved in the selection of officer candidates and the determination of officer compensation, etc. from an independent standpoint, as a member of the Nominating and Compensation Committee.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities	Number of the Company's shares owned
3	Yoshiteru Sakamaki (June 26, 1980)  [New appointment] [Outside] [Independent]  [Status of attendance at Board of Directors' meetings] 17/17  [Status of attendance at Board of Corporate Auditors' meetings] 15/15	September 2013 Passed Japan's National Bar Examination November 2014 Completed course in The Legal Training and Research Institute of Japan December 2014 Registered as an attorney-at-law (belongs to the Tokyo Bar Association) Joined Sakamaki Sakai Law Office (present position) June 2020 Outside Corporate Auditor of the Company (present position) [Significant concurrent positions outside the Company] Attorney-at-law	-
<p>[Reasons for nomination as candidate for Outside Director who is an Audit and Supervisory Committee Member and expected roles]</p> <p>Through his experience as a lawyer, Yoshiteru Sakamaki has garnered a wide range of knowledge about all aspects of corporate legal affairs, and he has legal expertise on corporate management. Although he has never been directly involved in corporate management, if he is elected, he can be expected to perform duties such as making decisions on important matters in management and supervising the execution of business. Therefore, he has been nominated as a candidate for Outside Director who is an Audit and Supervisory Committee Member. Furthermore, he is expected to be involved in the selection of officer candidates and the determination of officer compensation, etc. from an independent standpoint, as a member of the Nominating and Compensation Committee.</p>			

- Notes:
1. There is no special interest between the candidates and the Company.
  2. Toshihiko Ishihara and Yoshiteru Sakamaki are candidates for Outside Directors who are Audit and Supervisory Committee Members.
  3. The Company plans to register Toshihiko Ishihara and Yoshiteru Sakamaki to the Tokyo Stock Exchange as independent officers as prescribed by the said Exchange.
  4. The term of office for Toshihiko Ishihara as the Company's Outside Corporate Auditor will have been three years at the conclusion of this General Meeting.
  5. The term of office for Yoshiteru Sakamaki as the Company's Outside Corporate Auditor will have been two years at the conclusion of this General Meeting.
  6. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The insurance policy covers an insured's losses (including defense costs and amount of indemnification) incurred from litigation claims for damages, etc. (including shareholder lawsuits) arising from the insured's assumption of liability during the term of the policy. (However, performance of an illegal act with full knowledge of its illegality is excluded.) If each candidate is elected and assumes office as Director, they will be included as an insured in this insurance policy. In addition, when the insurance policy is renewed, the Company plans to renew the policy with the same terms.

[Skills Matrix of Candidates for Directors]

Name	Audit and Supervisory Committee Member	Years in office	Age	Corporate Management	International Experience	Sales & Marketing	Technology & Manufacturing	Finance & Accounting	HR & Labor	Legal & Risk Management
Tatsuya Ogawa		14	58	○	○	○				
Junichi Inaba		11	62	○	○	○				
Katsuhiko Hosono		8	55			○	○			
Shuji Isshiki		3	58					○	○	○
Katsuei Kobayashi		3	55		○	○	○			
Kunihiko Inoue		2	56		○	○				
Masanori Ishito		1	55		○	○				
Toshio Oura	(Outside)	7	73	○					○	
Tatsuyoshi Yoshiike	(Outside)	6	70	○		○	○	○		
Fumitaka Yuge	○	2	61		○	○		○		
Toshihiko Ishihara	○ (Outside)	3	69	○				○	○	
Yoshiteru Sakamaki	○ (Outside)	2	41						○	○

\*The years in office and ages stated are as of the conclusion of this General Meeting of Shareholders.

**Proposal 4:** Determination of the Amount of the Compensation, etc. for Directors (excluding Directors Who Are Audit and Supervisory Committee Members)

The maximum amount of compensation, etc. for Directors of the Company was resolved as “within 316 million yen per year (including compensation of within 30 million yen per year for Outside Directors)” at the 62nd Ordinary General Meeting of Shareholders held on June 24, 2015, and that has continued to this day. Subject to the approval of Proposal 1 “Partial Amendments to the Articles of Incorporation,” the Company shall transition to a Company with an Audit and Supervisory Committee. Accordingly, in consideration of various circumstances such as recent economic conditions, the Company proposes that the amount of compensation, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members) be set to “within 316 million yen per year (including compensation of within 30 million yen per year for Outside Directors)” again after the Company’s transition to a Company with an Audit and Supervisory Committee. As in the past, this amount of compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members) shall not include the employee salaries for Directors concurrently serving as employees.

This proposal has been determined after a discussion at a Board of Directors’ meeting, based on the advice of the Nominating and Compensation Committee, comprehensively taking into account the Company’s business scale, the compensation system for officers, the level of payment to officers, the current number of officers, future trends, etc. Accordingly, this proposal is deemed to be appropriate.

In addition, the policy for determining the details of compensation, etc. for each of the Company’s Directors is as described on page 34 of this convocation notice (available only in Japanese).

There are currently 10 Directors, but if Proposal 1 “Partial Amendments to the Articles of Incorporation” and Proposal 2 “Election of Nine (9) Directors (excluding Directors Who Are Audit and Supervisory Committee Members)” are approved as originally proposed, there will be nine (9) Directors (excluding Directors who are Audit and Supervisory Committee Members; including two (2) Outside Directors) after the Company’s transition to a Company with an Audit and Supervisory Committee.

This proposal shall come into effect when Proposal 1 “Partial Amendments to the Articles of Incorporation” takes effect.

**Proposal 5:** Determination of the Amount of the Compensation, etc. for Directors Who Are Audit and Supervisory Committee Members

Subject to the approval of Proposal 1 “Partial Amendments to the Articles of Incorporation,” the Company shall transition to a Company with an Audit and Supervisory Committee. Accordingly, pursuant to the provisions of Article 361, Paragraphs 1 and 2 of the Companies Act, the Company proposes that the amount of compensation, etc. for Directors who are Audit and Supervisory Committee Members be set to within 60 million yen per year, taking into account various circumstances such as the economic conditions. The specific amount, timing of payment, etc. to each Director who is an Audit and Supervisory Committee Member shall be determined through discussions with Directors who are Audit and Supervisory Committee Members.

This proposal has been determined based on the advice of the Nominating and Compensation Committee, comprehensively taking into account the Company’s business scale, the compensation system for officers, the level of payment to officers, the current number of officers, future trends, etc. Accordingly, this proposal is deemed to be appropriate.

If Proposal 1 “Partial Amendments to the Articles of Incorporation” and Proposal 3 “Election of Three (3) Directors Who Are Audit and Supervisory Committee Members” are approved as originally proposed, there will be three (3) Directors who are Audit and Supervisory Committee Members after the Company’s transition to a Company with an Audit and Supervisory Committee.

This proposal shall come into effect when Proposal 1 “Partial Amendments to the Articles of Incorporation” takes effect.

**Proposal 6:** Introduction of Performance-Based Stock Compensation Plan for Directors (excluding Directors Who Are Audit and Supervisory Committee Members and Outside Directors)

1. Reasons for the proposal and reasons for deeming it to be appropriate

At the 62nd Ordinary General Meeting of Shareholders held on June 24, 2015, the introduction of the “Board Benefit Trust (BBT)” performance-based stock compensation plan for Directors and Corporate Auditors (including Outside Directors and Outside Corporate Auditors) of the Company (hereinafter referred to as the “Plan”) was approved, and that has continued to this day. In line with the Company’s transition to a Company with an Audit and Supervisory Committee, subject to the approval of Proposal 1 “Partial Amendments to the Articles of Incorporation,” the Company hereby requests for approval to abolish the current compensation category related to the Plan for Directors and Corporate Auditors, and to introduce a new compensation category related to the Plan for Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors; hereinafter referred to as “Directors”).

This proposal is a formality conducted in line with the Company’s transition to a Company with an Audit and Supervisory Committee, and the contents of the compensation category related to the Plan are effectively the same as those approved at the 62nd Ordinary General Meeting of Shareholders held on June 24, 2015. As with the current Plan, the purpose of this proposal is to raise the willingness of Directors to contribute to improving medium- to long-term business performance and raising corporate value, by further defining the linkage between Director compensation and the Company’s business performance and stock value. Since it is consistent with the policy for determining the details of compensation, etc. for each of the Company’s Directors (page 34 of this convocation notice; available only in Japanese), the contents of this proposal are deemed to be appropriate.

As a separate category from the compensation category for Directors (excluding Directors who are Audit and Supervisory Committee Members), for which approval is requested in Proposal 4, the Company requests for approval for specific calculation methods and specific details of the amount of compensation, etc. in this proposal, in order to pay stock compensation to the Company’s Directors. The determination of details of the Plan shall be delegated to the Board of Directors within the framework of 2. below.

There are currently 10 Directors who are eligible for the Plan, but if Proposal 1 “Partial Amendments to the Articles of Incorporation” and Proposal 2 “Election of Nine (9) Directors (excluding Directors Who Are Audit and Supervisory Committee Members)” are approved as originally proposed, there will be seven (7) Directors who will be eligible for the Plan.

The resolution of this proposal shall come into effect if Proposal 1 “Partial Amendments to the Articles of Incorporation” is approved as originally proposed, and the amendments to the Articles of Incorporation stated in Proposal 1 take effect.

2. Specific calculation method for and reference information on the amount of compensation, etc. based on the Plan

(1) Outline of the Plan

The Plan is a performance-based stock compensation plan where the Company’s shares are acquired through a trust (hereinafter the trust established based on the Plan shall be referred to as the “Trust”) using money contributed by the Company as the source of funds. The Company’s shares are then issued to Directors through the Trust based on points granted to Directors, in accordance with the Officer Stock Benefit Regulations established by the Company and the degree of achievement of business results, etc. In principle, Directors shall receive the issuance of the Company’s shares, etc. at the time of their retirement. If this proposal is approved, no new points shall be awarded to the two (2) Outside Directors in the future and they shall, in principle, receive the issuance of the Company’s shares, etc. at the time of their retirement.



(2) Persons eligible for the Plan

Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)

(3) Calculation method for the number of the Company's shares to be paid to Directors and the maximum number thereof

Each Director shall be granted a certain number of points in each fiscal year, determined by taking into account their positions, the degree of achievement of business results, etc. in the relevant fiscal year, and in accordance with the Officer Stock Benefit Regulations.

The total number of points granted to Directors in a fiscal year shall be a maximum of 150,000 points. This figure was determined after comprehensively taking into account factors including the current level of compensation paid to the Company's officers, trends in the number of Directors and future prospects. Therefore, it is deemed to be appropriate.

The points granted to Directors shall be converted into one share of the Company's common stock per point during the issuance of stock benefits in (6) below (however, if a stock split, free allotment of shares, or a stock consolidation, etc. is conducted on the Company's shares after the approval of this proposal, in accordance with said ratio, etc., reasonable adjustments shall be made to the maximum number of points, the number of points already granted, or the conversion ratio of points to shares).

The number of points a Director has, which is the basis for calculating the number of shares to be issued, is calculated by multiplying the total number of points granted to the Director up to the time of retirement by a predetermined coefficient set for each specific reason for the retirement, and then finalized (hereinafter points calculated in this way are referred to as the "Finalized Points").

(4) Method of acquiring the Company's shares

The acquisition of the Company's shares by the Trust shall use the capital contributed in (5) below as the source of funds. Acquisitions shall be conducted through the stock market, etc., or by underwriting the disposal of the Company's treasury stock.

For the Initial Target Period (defined in (5) below), 300,000 shares have been acquired immediately after the establishment of the Trust as shares to be issued to the Company's Directors and Corporate Auditors. Details of the acquisitions of the Company's shares made by the Trust shall be disclosed in a timely and appropriate manner.

(5) Amount in the trust and number of shares to be acquired

The Company has established the Trust by contributing 387 million yen as the capital necessary for the five fiscal years from the fiscal year ended March 31, 2016 to the fiscal year ended March 31, 2020 (hereinafter referred to as the "Initial Target Period").

In line with the Company's transition to a Company with an Audit and Supervisory Committee, the Trust shall continue to exist as a trust with Directors who meet the beneficiary requirements as the beneficiaries.

Even after the expiration of the Initial Target Period, every five fiscal years until the termination of the Plan, the Company shall, in principle, make an additional contribution to the Trust for the next five fiscal years (hereinafter referred to as the "Next Target Period"). In the same manner as when the Trust was established, the number of shares required for delivery to Directors under the Plan is reasonably estimated, and the funds required for the acquisition of such shares by the Trust in advance are contributed to it. However, in the event of such additional contribution, if the Company's shares (excluding shares not yet issued to Directors among shares of the Company that correspond to the number of points granted to Directors) and money remain as trust assets on the day immediately

preceding the start of the Next Target Period for which such additional contribution is to be made (hereinafter referred to as “Remaining Shares, etc.”), the Remaining Shares, etc. shall be used as the source of funds for benefits under the Plan in the Next Target Period. Accordingly, the additional contribution amount for the Next Target Period shall be calculated after taking into account the Remaining Shares, etc. When the Company decides to make additional contributions, it shall disclose them in a timely and appropriate manner.

(6) Method of calculating the amount of stock benefits and compensation, etc.

If a Director of the Company retires and satisfies the beneficiary requirements set forth in the Officer Stock Benefit Regulations, said Director may, by performing the prescribed beneficiary finalization procedures, receive benefits from the Trust after retiring, in the form of the number of the Company’s shares determined according to the “Finalized Points” derived in accordance with the contents described in (3) above.

The basis of the amount of compensation, etc. received by Directors shall be the amount obtained from multiplying the total number of points granted to each Director at the time of point granting, by the book value of each share of the Company’s shares held by the Trust (however, if a stock split, free allotment of shares, or a stock consolidation, etc. is conducted on the Company’s shares, reasonable adjustments shall be made in accordance with said ratio, etc.). Pursuant to the provisions of the Officer Stock Benefit Regulations, in exceptional cases where money is paid, if the payment is deemed appropriate, it shall include the amount above.

Even if a Director has been granted points, they may not be able to acquire the right to receive benefits if a resolution of their dismissal is passed at a General Meeting of Shareholders, or if said Director retires due to a breach of their duties as a Director.

(7) Exercise of voting rights

All voting rights related to the Company’s shares in the Trust shall not be exercised, in accordance with the instructions of the trust administrator. Through such a policy, the Company strives to ensure neutrality in the exercise of voting rights related to the Company’s shares in the Trust, and avoid any effects on the Company’s management.

(8) Treatment of dividends

Dividends on the Company’s shares in the Trust shall be received by the Trust and used for acquisitions of the Company’s shares, or for the trust compensation, etc. paid to trustees of the Trust. In the event of termination of the Trust, dividends, etc. remaining in the Trust shall be paid proportionately to Directors who are in office at that point in time, according to the number of points held by each Director.

(9) Treatment when the trust is terminated

The Trust shall be terminated in the event of an occurrence such as the delisting of the Company’s shares, or the abolition of the Officer Stock Benefit Regulations.

Among the residual assets of the Trust at the time of its termination, regarding the Company’s shares, the Company shall acquire all the shares at no cost and cancel them by resolution of the Board of Directors. Among the residual assets of the Trust at the time of its termination, regarding money, the amount remaining after money is paid to Directors in accordance with (8) above shall be paid to the Company.