

Note : This is a translation from Japanese of a notice distributed to shareholders. The translation is prepared solely for the convenience of shareholders. In the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.

(Securities Code: 6989)

CONVOCAION NOTICE FOR THE 88TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

June 9, 2022

Morio Tada
President and Representative Director
HOKURIKU ELECTRIC INDUSTRY CO., LTD.
3158 Shimo-okubo Toyama City
Toyama Pref., Japan

To Our Shareholders:

We would like to inform you that the 88th Ordinary General Meeting of Shareholders of HOKURIKU ELECTRIC INDUSTRY CO., LTD. (“the Company”) will be held as follows. In the event that you do not attend the meeting, you may exercise your voting rights in writing or via the Internet by 5:00 p.m. on Tuesday, June 28, 2022, after you review the attached “Reference Materials for the General Meeting of Shareholders”.

1. Date and Time: Wednesday, June 29, 2022 , 10:00 a.m.
2. Place: 5th floor hall of Toyama Branch, Nomura Securities Co., Ltd.
1-4-3 Tsutsumi-Cho Dori, Toyama City, Toyama Pref., Japan

3. Agenda:

Reporting:

1. Business report, Consolidated Financial Statements for the 88th Fiscal Year (from April 1, 2021 to March 31, 2022), and Audit Reports by the Accounting Auditor and the Audit and Supervisory Committee
2. Non-consolidated Financial Statements for the 88th Fiscal Year (from April 1, 2021 to March 31, 2022)

Resolutions:

- Proposal 1: Partial Amendments to the Articles of Incorporation
Proposal 2: Election of Six (6) Directors (excluding Directors serving as Audit and Supervisory Committee Members)
Proposal 3: Amendments to the Remuneration system for Directors (excluding Directors serving as Audit and Supervisory Committee Members)
Proposal 4: Determination of Remuneration for Granting Restricted Shares to Directors (excluding Directors serving as Audit and Supervisory Committee Members)

.....

The following matters are posted on our website (<https://www.hdk.co.jp/>) on the internet in accordance with the laws and the provisions of Article 13 of our Articles of Corporation, and they are not stated in this Convocation Notice. Therefore, the attached documents of this Convocation Notice are a part of the objects that were audited by the Audit and Supervisory Committee and the Accounting Auditor when preparing the audit report.

1. Notes to Consolidated Financial Statements
2. Notes to Non-consolidated Financial Statements

If any changes have been made to Business report, Consolidated Financial Statements, and Non-consolidated Financial Statements, or the Reference Materials for the General Meeting of Shareholders, such changes will be posted on our website (<https://www.hdk.co.jp/>).

.....

Exercise of Voting Rights:

You may exercise your voting rights through either of the methods described below.

Exercise of your voting rights in writing

Please indicate your votes for or against the proposals on the enclosed Voting Rights Exercise Form and return the form by mail so that it will arrive by 5:00 p.m. on Tuesday, June 28, 2022(Japan time).

Exercise of your voting rights via the Internet

You can exercise your voting rights either by (1) scanning the QR code shown on the enclosed Voting Rights Exercise Form, or by (2) accessing the website for exercising voting rights (<https://evote.tr.mufg.jp/>) and entering the “login id” and “password” shown on the enclosed Voting Rights Exercise Form. Please enter your votes for or against the proposals by 5:00 p.m. on Tuesday, June 28, 2022(Japan time).

If you exercise your voting rights both in writing and via the Internet, your vote via the Internet will be considered a valid exercise of voting rights. If you exercise your voting rights multiple times via the Internet, or if you exercise your voting rights both via PC and mobile devices, etc., only the most recent vote will be considered a valid exercise of voting rights.

Institutional investors may use the electronic voting platform operated by ICJ, Inc.

Reference Materials for the General Meeting of Shareholders

Proposals and References

Proposal 1: Partial Amendments to the Articles of Incorporation

1. Reasons for the Proposal

(1) Additional term in Business Purpose

The Company proposes rental business as additional term in the business purpose of its Articles of Incorporation.

(2) Amendments to propose the introduction of a system for providing general shareholder meeting materials in electronic format

Since the amended provisions stipulated in the proviso of Article 1 of the Supplemental Provisions of the “Act for Partial Amendment of the Companies Act” (Act No. 70 of 2019) will come into effect on September 1, 2022, the Company’s Articles of Incorporation shall be amended as follows in preparation for the introduction of an electronic provision system for materials for general meetings of shareholders:

- ① Article 13, Paragraph 1 of the proposed amendment stipulates that the Company shall take measures to provide electronically the information contained in Referential Documents Regarding the Exercise of Voting Rights, etc.
- ② Article 13, Paragraph 2 of the proposed amendment shall establish provisions to limit the scope of matters to be stated in the documents to be delivered to shareholders who have made a request for delivery of documents.
- ③ The provisions regarding Internet disclosure and deemed provision of Referential Documents Regarding the Exercise of Voting Rights, etc. (Article 13 of the current Articles of Incorporation) will no longer be necessary and therefore shall be deleted.
- ④ In conjunction with the above establishment and deletion, supplementary provisions concerning the effective date, etc. shall be established.

2. Details of Amendments

The details of the amendments are as follows.

(Amended portions are underlined)

Current Articles of Incorporation	Proposed amendments
Article 1 (Omitted)	Article 1 (Unchanged)
(Business Purpose) Article 2 The purpose of the Company shall be to engage in the following businesses: 1.Manufacture <u>and</u> sale of resistor, composite parts, capacitor, and other electric components 2.Manufacture <u>and</u> sale of electric devices, machines and accessories, parts, and materials of these products 3.All businesses incidental or relating to preceding items	(Business Purpose) Article 2 The purpose of the Company shall be to engage in the following businesses: 1.Manufacture, <u>sale and rental</u> of resistor, composite parts, capacitor, and other electric components 2.Manufacture, <u>sale and rental</u> of electric devices, machines and accessories, parts, and materials of these products 3.All businesses incidental or relating to preceding items
Article 3 through 12 (Omitted)	Article 3 through 12 (Unchanged)

Current Articles of Incorporation	Proposed amendments
<p data-bbox="161 306 799 394"><u>(Internet Disclosure and Deemed Provision of Referential Documents Regarding the Exercise of Voting Rights, etc.)</u></p> <p data-bbox="161 400 799 808"><u>Article 13 When convening a general meeting of shareholders, the Company may deem that information pertaining to matters to be stated or indicated in the Referential Documents Regarding the Exercise of Voting Rights, Business Report, Financial Statements and Consolidated Financial Statements has been provided to shareholders by means of disclosure through the Internet in accordance with the Ordinance of the Ministry of Justice.</u></p> <p data-bbox="161 844 432 875"><Newly established></p> <p data-bbox="161 1480 571 1512">Article 14 through 44 (Omitted)</p> <p data-bbox="161 1547 504 1579">Supplementary Provisions</p> <p data-bbox="161 1615 767 1702"><u>(Transitional Measures Concerning Exemption from Liability of Corporate Auditors) 1~2 (Omitted)</u></p> <p data-bbox="161 1738 432 1769"><Newly established></p>	<p data-bbox="831 306 959 338"><Deleted></p> <p data-bbox="831 844 1469 909"><u>(Measures, etc. for Electronic Provision of Materials for General Meeting of Shareholders)</u></p> <p data-bbox="831 916 1469 1126"><u>Article 13 When convening a general meeting of shareholders, the Company shall take measures to provide electronically the information contained in Referential Documents Regarding the Exercise of Voting Rights, etc.</u></p> <p data-bbox="954 1133 1469 1444"><u>(2) The Company may omit all or part of the matters set forth in the applicable Ordinance of the Ministry of Justice in relation to those which the Company takes measures for electronic provision to shareholders who have made a request for delivery of documents no later than the record date for the voting rights.</u></p> <p data-bbox="831 1480 1278 1512">Article 14 through 44 (Unchanged)</p> <p data-bbox="831 1547 1166 1579">Supplementary Provisions</p> <p data-bbox="831 1615 1437 1702"><u>(Transitional Measures Concerning Exemption from Liability of Corporate Auditors) Article 1~2 (Unchanged)</u></p> <p data-bbox="831 1738 1469 1825"><u>(Transitional Measures for Electronic Provision of Materials for General Meeting of Shareholders)</u></p> <p data-bbox="831 1832 1469 1975"><u>Article 2 The deletion of Article 13 of the Articles of Incorporation prior to amendment and the establishment of Article 13 of the Articles of Incorporation after amendment shall</u></p>

Current Articles of Incorporation	Proposed amendments
	<p>take effect on September 1, 2022 (hereinafter the “Effective Date”), which is the effective date of the amending provisions stipulated in the proviso of Article 1 of the Supplementary Provisions of the Act for Partial Amendment of the Companies Act (Act No.70 of 2019).</p> <p>(2) Notwithstanding the provisions of the preceding Paragraph, Article 13 of the Articles of Incorporation prior to the amendment shall remain in effect with respect to the general meeting of shareholders to be held on a day falling within six (6) months after the Effective Date.</p> <p>(3) This Article shall be deleted after six (6) months have elapsed from the Effective Date or three (3) months have elapsed from the date of the general meeting of shareholders set forth in the preceding Paragraph, whichever comes later.</p>

Proposal 2: Election of Six (6) Directors (excluding Directors serving as Audit and Supervisory Committee Members)

The terms of office of all four (4) Directors (excluding Directors serving as Audit and Supervisory Committee Members) will expire at the conclusion of this Ordinary General Meeting of Shareholders. In order to further enhance the management structure, it is proposed that two (2) Directors be newly added, and total six (6) Directors (excluding Directors serving as Audit and Supervisory Committee Members) be elected.

With respect to this proposal, the Company has consulted with the Nomination and Remuneration Advisory Committee and obtained its concurrence.

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

Name of Candidate (Date of birth)	Profile, Positions and Duties at the Company (Significant Concurrent Posts)
<p>No.1</p> <p>Morio Tada</p> <p>(November 6, 1957)</p> <p>【Reappointment】</p> <p>Number of Shares of the company held: 12,900</p>	<p>Apr 1980 Joined the Company</p> <p>Jul 1999 General Manger of Mechanical Parts Manufacturing Dept., Electronic Components Division</p> <p>Jun 2005 Senior General Manager, Components Division</p> <p>Jul 2008 Executive Officer & Senior General Manager, Components Division</p> <p>Jun 2011 Director & Senior General Manager, High Frequency Components Division</p> <p>Jul 2015 Director & Senior General Manager, Sales Division</p> <p>Jun 2017 Executive Managing Director & Senior General Manager, Sales Division</p> <p>Jun 2018 President & Representative Director (present)</p> <p>【Reason for nomination as a candidate】 After having accumulated a wealth of experience and achievements in Production and Sales sections, Mr. Morio Tada has been serving as President & Representative Director since 2018 and contributing to improve corporate value by strong leadership. He has been nominated as a candidate for Director because the Company expects that he will continue to lead the Company to the further improvement of the corporate value by utilizing his abundant experience and insight.</p>
<p>No.2</p> <p>Satoshi Tanikawa</p> <p>(August 26, 1958)</p> <p>【Reappointment】</p> <p>Number of Shares of the company held: 12,700</p>	<p>Apr 1982 Joined the Company</p> <p>Jul 2002 Senior General Manager, Systems Division</p> <p>Jul 2004 Executive Officer & Senior General Manager, Systems Division</p> <p>Jun 2006 Director & Senior General Manager, Systems Division</p> <p>Aug 2010 Director of the Company and President & Representative Director, HDK Micro Devices Co., Ltd.</p> <p>Jul 2013 Director & Senior General Manager, Advanced Device Development Division</p> <p>Apr 2017 Director & Senior General Manager, Development Division</p> <p>Jun 2018 Executive Managing Director & Senior General Manager, Development Division</p> <p>Jun 2021 Senior Executive Director & Senior General Manager, Development Division (present)</p> <p>【Reason for nomination as a candidate】 Mr. Satoshi Tanikawa has accumulated a wealth of experience and achievements in Production and Development sections and is currently managing the overall Development activities. He has been nominated as a candidate for Director because the Company expects that he will continue to contribute to the further improvement of the corporate value by utilizing his experience and insight.</p>

Name of Candidate (Date of birth)	Profile, Positions and Duties at the Company (Significant Concurrent Posts)
<p>No.3</p> <p>Ryusho Shimosaka</p> <p>(December 3, 1959)</p> <p>【Reappointment】</p> <p>Number of Shares of the company held: 7,100</p>	<p>Apr 1982 Joined The Hokuriku Bank, Ltd.</p> <p>Oct 2012 General Manager of Audit Department of the above bank</p> <p>Jul 2014 Joined the Company, General Manager, Assistant to the President</p> <p>Nov 2014 Senior General Manager, Administration Division</p> <p>Jul 2015 Executive Officer & Senior General Manager, Administration Division</p> <p>Jun 2016 Director & Senior General Manager, Administration Division</p> <p>Jun 2018 Executive Managing Director & Senior General Manager, Administration Division (present)</p> <p>(Significant Concurrent Posts)</p> <p>Representative Director, Hokuriku Kosan Co., Ltd.</p> <p>【Reason for nomination as a candidate】 Mr. Ryusho Shimosaka has accumulated abundant knowledge and experience through business executions in the Administration Division and is currently managing the overall Administration activities. He has been nominated as a candidate for Director because the Company expects that he will continue to contribute to the further improvement of the corporate value by utilizing his experience and insight.</p>
<p>No.4</p> <p>Yasuhiro Takata</p> <p>(September 15, 1959)</p> <p>【Reappointment】</p> <p>Number of Shares of the company held: 3,800</p>	<p>Apr 1982 Joined the Company</p> <p>Jul 2007 General Manager of Development Dept, Systems Division</p> <p>Mar 2012 General Manager, Module Development and Sales Dept.</p> <p>Jul 2015 General Manager, Headquarters Quality Assurance Dept.</p> <p>Apr 2016 Managing Director, Hokuden (Malaysia) Sdn. Bhd.</p> <p>Jul 2019 Executive Officer & General Manager, Management Strategy Office</p> <p>Jun 2021 Director & General Manager, Management Strategy Office (present)</p> <p>【Reason for nomination as a candidate】 Mr. Yasuhiro Takata has accumulated abundant knowledge and experience through Manufacturing, Quality Control, Sales and Overseas sections and is currently managing the Management Strategy Office. He has been nominated as a candidate for Director because the Company expects that he will continue to contribute to the further improvement of the corporate value by utilizing his experience and insight.</p>

Name of Candidate (Date of birth)	Profile, Positions and Duties at the Company (Significant Concurrent Posts)
No.5 Yuji Nishimura (January 15, 1965) 【New appointment】 Number of Shares of the company held: 2,906	Apr 1989 Joined the Company Jul 1999 Head, Nagoya Sales Office Jul 2015 General Manager of Manufacturing Dept., High Frequency Components Division Apr 2017 Senior General Manager, Components Division Jul 2019 Executive Officer & Senior General Manager, Components Division (present) 【Reason for nomination as a candidate】 Mr. Yuji Nishimura has accumulated abundant knowledge and experience through Sales and Manufacturing sections and is currently managing the Components Division. He has been nominated as a candidate for Director because the Company expects that he will contribute to the further improvement of the corporate value by utilizing his experience and insight.
No.6 Yoshinori Murakami (June 17, 1966) 【New appointment】 Number of Shares of the company held: 1,415	Apr 1989 Joined the Company Jul 2013 General Manager of Development Dept., HDK Micro Devices Co., Ltd. Jul 2014 Director, Shanghai HDK Micro Devices Co., Ltd. Jul 2018 President & Representative Director, HDK Micro Devices Co., Ltd. (present) Jul 2019 Executive Officer of the Company(present) 【Reason for nomination as a candidate】 Mr. Yoshinori Murakami has accumulated abundant knowledge and experience through Manufacturing, Development, and Overseas sections and is currently managing HDK Micro Devices Co., Ltd. as President. He has been nominated as a candidate for Director because the Company expects that he will contribute to the further improvement of the corporate value by utilizing his experience and insight.

Note:

1. There are no special interests between any of the above candidates for Director and the Company.
2. The summary of the opinions of the Audit and Supervisory Committee regarding the appointment of Directors is as follows.
 As a result of considering the appointment of directors of the Company, including discussions at the Nomination and Remuneration Advisory Committee, the Audit and Supervisory Committee has judged that it is appropriate to appoint each candidate as a director in terms of the quality, business conditions, effectiveness of the supervisory function for the Board of Directors, and the perspective of improving corporate value.
3. The Company has entered into a directors and officers (D&O) liability insurance contract, as defined in Article 430-3, paragraph 1 of the Companies Act, with an insurance company under which the Company's Directors are the insured and the damages, litigation expenses, etc. that would otherwise be incurred by the insured party will be covered under the insurance contract. However, the insurance contract will not cover some specific damages, for example, damages arising from acts of the insured party that are committed with an awareness of legal violations. If the candidates take office as Directors, the candidates will be the insured under the insurance contract. The Company intends to renew the aforementioned insurance contract on the same terms and conditions at the next renewal.

(Reference)

Composition of the Board of Directors after this General Meeting of Shareholders will be as follows.

	Corporate Management	Insight to Industry Knowledge	Overseas Business Management	Sales & Marketing	Technology, Research & Development	Finance & Accounting	Legal affairs & Risk Management
Morio Tada President and Representative Director	○	○	○	○	○	○	
Satoshi Tanikawa Senior Executive Director		○		○	○		
Ryusho Shimosaka Executive Managing Director						○	○
Yasuhiro Takata Director		○	○	○	○		
Yuji Nishimura Director		○		○	○		
Yoshinori Murakami Director		○	○	○	○		
Susumu Yamashita Fulltime Director serving as Audit and Supervisory Committee Member		○		○		○	
Masayuki Kitanosono Outside Director serving as Audit and Supervisory Committee Member							○
Satoshi Kikushima Outside Director serving as Audit and Supervisory Committee Member	○					○	○
Kazuaki Imura Outside Director serving as Audit and Supervisory Committee Member						○	

Proposal 3: Amendments to the Remuneration System for Directors (excluding Directors serving as Audit and Supervisory Committee Members)

The amount of remuneration of the Company's Directors (excluding Directors serving as Audit and Supervisory Committee Members) (hereinafter the "Eligible Directors") was approved at the 83rd Ordinary General Meeting of Shareholders held on June 29, 2017 as an annual amount of up to 200 million yen (excluding the employee's portion of salary for Directors who concurrently serve as employees).

Currently, the Company provides monetary fixed remuneration for Eligible Directors. As part of a review of its remuneration system for Eligible Directors, the Company proposes to grant new monetary remuneration reflecting the performance indexes for the grant of performance-linked remuneration adding to the fixed remuneration for the purpose of providing them with incentives to promote the Company's performance for the fiscal year. Performance-linked remuneration shall be based on the amount calculated according to the target achievement level of the Company's results of consolidated sales and consolidated operating profits for the fiscal year and paid annually at a certain time.

The combined amount of the fixed remuneration and performance-linked remuneration will be up to approved 200 million yen for Eligible Directors (excluding the employee's portion of salary for Directors who concurrently serve as employees).

The Company proposes this Proposal 3 based on the comprehensive consideration of the Company's business scale, its remuneration system and standards for payment of remuneration for officers, and the current and anticipated developments with respect to the number of officers, and determined by the Board of Directors after deliberation and report by the Nomination and Remuneration Advisory Committee. The Company deems the content appropriate. Further, the Audit and Supervisory Committee has found no objection in the proposal.

Proposal 4: Determination of Remuneration for Granting Restricted Shares to Directors (excluding Directors serving as Audit and Supervisory Committee Members)

The amount of remuneration of the Company's Directors (excluding Directors serving as Audit and Supervisory Committee Members) (hereinafter the "Eligible Directors") was, approved at the 83rd Ordinary General Meeting of Shareholders held on June 29, 2017 as an annual amount of up to 200 million yen (excluding the employee's portion of salary for Directors who concurrently serve as employees).

As part of a review of its remuneration system for officers, the Company proposes to grant new remuneration for the grant of restricted shares to the Eligible Directors separately from the above-mentioned remuneration limit for the purpose of providing them with incentives to continuously improve the corporate value of the Company and to promote further sharing of value with shareholders.

The remuneration to be paid to Eligible Directors for granting the restricted shares based on this proposal shall be monetary claims (hereinafter "the Monetary Remuneration Claims"), and their total amount shall be up to 20 million yen per year, the level of amount deemed as reasonable in light of the aforementioned objective. Also, specific timing and allocation of payments to each Eligible Director will be determined by the Board of Directors after deliberation and report by the Nomination and Remuneration Advisory Committee.

The Company currently has four (4) Eligible Directors. If Proposal 2 is approved and passed as originally proposed, the Company shall have six (6) Eligible Directors.

In addition, Eligible Directors shall pay all of the Monetary Remuneration Claims to be provided under this proposal in the form of property contributed in kind in accordance with resolution of the Board of Directors, and shall receive common shares of the Company that shall be issued or disposed of by the Company. The total number of common shares of the Company to be issued or disposed of thereby shall be up to 20,000 shares per year (provided, however, that if either a share split of common shares of the Company (including any allotment of common shares of the Company without contribution) or a share consolidation is carried out effective on or after the day on which this proposal is approved, adjustments shall be made as needed, to a reasonable extent, to the total number of shares in proportion to the split or the consolidation on or after such split or consolidation takes effect). The amount to be paid per share shall be determined by the Board of Directors based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately preceding the date of each Board of Directors resolution (if there is no closing price on such date, the closing price of the closest preceding trading day) to the extent not particularly favorable to the Eligible Directors.

For the issuance or disposal of the common shares of the Company, an agreement on allotment of shares with transfer restrictions that includes mostly the following provisions (hereinafter the "Allotment Agreement") shall be entered into between the Company and each Eligible Director.

- (1) Eligible Directors shall not transfer, create a security interest on, or otherwise dispose of (hereinafter the "Transfer Restrictions") the common shares allotted to them under this agreement (hereinafter the "Allotted Shares") during the period from the date of grant of the Allotted Shares until the date that the Eligible Director retires from the position of Director of the Company (hereinafter "Transfer Restriction Period").

- (2) In the event that an Eligible Director retires from a position of Director of the Company prior to the expiry of a period determined by the Board of Directors (hereinafter the “Service Provision Period”), the Company shall naturally acquire the Allotted Shares without consideration, except where there is a justifiable reason approved by the Board of Directors of the Company.
- (3) The Company shall cancel the Transfer Restrictions on all the Allotted Shares at the point at which the Transfer Restriction Period expires, on the condition that the Eligible Director continues to hold the position of Director during the Service Provision Period. However, in the case that the Eligible Director retires from the position prior to the expiry of the Service Provision Period for a legitimate reason approved by the Board of Directors stipulated in (2) above, the Company shall reasonably adjust as necessary the number of the Allotted Shares and the cancellation timing for which the Transfer Restrictions are to be cancelled.
- (4) The Company shall acquire, as a matter of course, any Allotted Shares without consideration for which the Transfer Restrictions have not been cancelled as stipulated in (3) above at the time of expiry of the Transfer Restriction Period.
- (5) Notwithstanding the provisions in (1) above, if, during the Transfer Restriction Period, a merger agreement under which the Company shall become a defunct company, a share exchange agreement or share transfer plan under which the Company shall become a wholly owned subsidiary, or any other matters related to organizational restructuring, etc. are approved at a General Meeting of Shareholders of the Company (however, if such organizational restructuring, etc. does not require approval at a General Meeting of Shareholders of the Company, then at a Company’s Board of Directors), the Transfer Restriction shall be cancelled prior to the effective date of such reorganizational restructuring, etc., on the number of the Allotted Shares reasonably decided, considering the period from the start date of the Transfer Restriction Period to the approval date for such reorganizational restructuring, etc., by a resolution of the Company's Board of Directors. In addition, in the cases set forth above, the Company shall naturally acquire the Allotted Shares for which the Transfer Restrictions have not been cancelled for no consideration as of the time immediately following the cancellation of the Transfer Restriction.
- (6) Other matters regarding the Allotment Agreement shall be determined by the Board of Directors of the Company.

The Company proposes this Proposal 4, as in Proposal 3, based on the comprehensive consideration of the Company’s business scale, its remuneration system and standards for payment of remuneration for officers, and the current and anticipated developments with respect to the number of officers, and determined by the Board of Directors after deliberation and report by the Nomination and Remuneration Advisory Committee. The Company deems the content appropriate. Further, the Audit and Supervisory Committee has found no objection in the proposal.

(Reference)

Outline of Policy for Determining the Details of Individual Remuneration, etc. of Directors (Details to be Applied after Approval of Proposal 3 and Proposal 4)

1. Policy for Determining the Details of Individual Remuneration, etc. of Directors

Outline of Policy for Determining the Details of Individual Remuneration, etc. of Directors is as follows.

(1) Fundamental Policy

The remuneration system is aimed to give incentives to the Directors (excluding Directors serving as Audit and Supervisory Committee Members) as motivation for sustainable growth and medium- and long-term enhancement of corporate value of the Company and to promote further sharing of value with shareholders. The Company's basic policy is to set the remuneration of Directors at an appropriate level based on their roles and responsibilities, etc., taking into consideration the career requirements, performance of the Company, etc. and the Board of Directors shall annually determine the remuneration for Directors.

The remuneration system shall consist of fixed remuneration, performance-linked remuneration and non-monetary remuneration (stock-based remuneration).

(2) Policy for determining the amount of remuneration, etc. for individual Directors for fixed remuneration (including the payment timing etc.)

The fixed remuneration of the Company's Directors shall be a monthly monetary remuneration, which shall be determined with their position, responsibilities, and years in office, taking into consideration the standards of other companies, the Company's performance, and the level of employee salaries, as well as other factors in a comprehensive manner.

(3) Policy for determining the details and amount of remuneration, etc. of performance-linked remuneration and non-monetary remuneration (including the payment timing etc.)

The performance-linked remuneration shall be monetary remuneration in order to motivate Directors to improve their performance and to appropriately reflect the results of each fiscal year and based on the amount calculated according to the target achievement level of the Company's results of consolidated sales and consolidated operating profits for the fiscal year and paid annually at a certain time.

Non-monetary remuneration shall be granting restricted shares to Directors in order to share value with shareholders annually at a certain time based on also the non-financial situation such as the Company's sustainability efforts. Directors shall pay all of the monetary remuneration claims to be provided in the form of property contributed in kind in accordance with resolution of the Board of Directors, and shall receive common shares of the Company that shall be issued or disposed of by the Company.

(4) The process of determination of the details of remuneration etc. for individual Directors

The amount and timing of granting remuneration for each individual Director shall be delegated to Representative Director by the resolution of the Board of Directors, and the delegated rights shall be to determine fixed amount remuneration, performance-linked remuneration and non-monetary remuneration for each Director.

In order to ensure that Representative Director appropriately exercise these rights, the Board of Directors consults the Nomination and Remuneration Advisory

Committee to examine the draft by Representative Director and give their report to the Board of Directors. Representative Director shall make a decision in accordance with the content of this report.

2. Matters related to Delegation of Determination of Remuneration etc. for individual Directors

The Board of Directors delegates the Remuneration etc. for individual Directors to Mr. Morio Tada, President and Representative Director. The Board of Directors has decided President and Representative Director is most suitable to decide respective remuneration etc., evaluating the role and responsibility of each Director while considering the overall Company's performance. The Nomination and Remuneration Advisory Committee, consulted by the Board of Directors, shall examine the draft by Representative Director on remuneration etc. and give their report to the Board of Directors.