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Securities Code: 6745

June 8, 2022

To our shareholders:

Akio Yamagata  
Representative Director President and CEO  
**HOCHIKI CORPORATION**  
2-10-43 Kamiosaki Shinagawa-ku, Tokyo,  
Japan

## Notice of the 126th Annual General Meeting of Shareholders

We are pleased to announce the 126th Annual General Meeting of Shareholders of Hochiki Corporation (the “Company”), which will be held as indicated below.

If you will not attend the meeting in person, you may exercise your voting rights in either way described below. Please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights.

[Exercise of voting rights in writing]

Please indicate your approval or disapproval of the proposals in the enclosed voting right exercise form and then return the form to the Company by postal mail so that your vote is received by 5:30 p.m. on Monday, June 27, 2022 (JST).

[Exercise of voting rights via the internet]

Please access the dedicated website for exercising voting rights (<https://evote.tr.mufg.jp/>), and follow the instructions on the display to indicate your approval or disapproval of the proposals by 5:30 p.m., Monday, June 27, 2022 (JST).

### Details

- 1. Date and Time:** Tuesday, June 28, 2022, at 10:00 a.m. (JST)  
(Reception will start at 9:00 a.m.)
- 2. Venue:** Conference Room on 5th floor of main building, Head Office of Hochiki Corporation  
2-10-43 Kamiosaki Shinagawa-ku, Tokyo, Japan
- 3. Purpose of the Meeting**  
**Matters to be reported:**
  1. The Business Report and the Consolidated Financial Statements for the 126th fiscal year (from April 1, 2021 to March 31, 2022), and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Audit and Supervisory Board
  2. The Non-consolidated Financial Statements for the 126th fiscal year (from April 1, 2021 to March 31, 2022)

#### **Matters to be resolved:**

- |                       |   |
|-----------------------|---|
| <b>Proposal No. 1</b> | Appropriation of Surplus                            |
| <b>Proposal No. 2</b> | Partial Amendments to the Articles of Incorporation |
| <b>Proposal No. 3</b> | Election of 9 Directors                             |
| <b>Proposal No. 4</b> | Election of One Audit and Supervisory Board Member  |

When you attend the meeting in person, please submit the enclosed voting right exercise form at the reception counter.

Pursuant to laws and regulations as well as Article 14 of the Company’s Articles of Incorporation, the following items are posted on the Company’s website (<https://www.hochiki.co.jp/ir/stock/soukai/>) and are thus not included in the attached document to this notice of convocation:

- Notes to the Consolidated Financial Statements
- Notes to the Non-consolidated Financial Statements

In case of any revisions to the Reference Documents for the General Meeting of Shareholders and the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements, the revised matters will be posted on the Company’s website as shown above.

## Reference Documents for the General Meeting of Shareholders

### Proposal No. 1 Appropriation of Surplus

The Company proposes the appropriation of surplus as follows:

#### Year-end dividends

The Company recognizes return of profit to shareholders as one of its important management issues, and makes it a basic policy to maintain stable dividend payments while giving comprehensive consideration to its financial position and level of profit.

The Company has been working to establish a sound financial base that enables both sustainable growth and stable management by allocating cash generated by its business to strategic growth investments and to prepare for financial risks. Since the Company has been able to improve its financial health, including by stably maintaining an equity ratio of over 50%, it has decided to further increase its profit distribution.

Therefore, the Company proposes a year-end dividend of ¥49 per share for the fiscal year ended March 31, 2022, which is an increase of ¥20 from the previous fiscal year.

Looking ahead, the Company will continue to strive to maintain continual and stable dividend payments while enhancing its corporate constitution by comprehensively taking into account its business performance and future business development.

- (1) Type of dividend property  
To be paid in cash.
- (2) Allotment of dividend property to shareholders and their aggregate amount  
Dividend of ¥49 per common share of the Company  
Total dividend amount: ¥1,239,884,093
- (3) Effective date of dividends of surplus  
June 29, 2022

**Proposal No. 2** Partial Amendments to the Articles of Incorporation

1. Reasons for the amendments

- (1) In order to improve the liquidity of the Company’s shares and to enable flexible financing for future business expansion, the total number of authorized shares in Article 5 (Total Number of Authorized Shares) of the current Articles of Incorporation is to be changed from the current 57,600,000 shares to 115,000,000 shares.
- (2) Since the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) are to take effect on September 1, 2022, the Company proposes to make the following changes in preparation for the system for providing informational materials for the General Meeting of Shareholders in electronic format.
  - (i) Article 13, paragraph 1 in “Proposed Amendments” below will stipulate that the Company shall take measures for providing information that constitutes the content of Reference Documents for the General Meeting of Shareholders, etc. in electronic format.
  - (ii) Article 13, paragraph 2 in “Proposed Amendments” below will establish the provision to limit the scope of the items to be stated in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents.
  - (iii) Since the provisions for Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc. (Article 14 of the current Articles of Incorporation) will no longer be required, they will be deleted.
  - (iv) Accompanying the aforementioned establishment and deletion of provisions, supplementary provisions regarding the effective date, etc. will be established.
- (3) In order to promote flexible capital and dividend policies, the Company proposes to establish and delete the relevant articles and to change the number of articles to enable the Board of Directors to make a resolution to pay dividends from surplus or take similar measures in accordance with the provisions of Article 459, paragraph 1 of the Companies Act.

2. Details of the amendments

(Amended portions are underlined)

Current Articles of Incorporation	Proposed Amendments
Chapter II Shares	Chapter II Shares
Article 5. (Total Number of Authorized Shares) The total number of authorized shares of the Company shall be <u>57,600,000</u> .	Article 5. (Total Number of Authorized Shares) The total number of authorized shares of the Company shall be <u>115,000,000</u> .
<u>Article 6. (Acquisition of Treasury Stock)</u> <u>The Company may acquire treasury stock through market transactions or other means by resolution of the Board of Directors.</u>	(Deleted)
Article <u>7</u> . - <u>10</u> . (Omitted)	Article <u>6</u> . - <u>9</u> . (Unchanged)
Article <u>11</u> . (Record Date)  The Company shall treat the shareholders appearing or recorded in the final shareholders’ register as of March 31 of each year as shareholders entitled to exercise shareholder’s rights at the Annual General Meeting of Shareholders for the relevant fiscal year.	Chapter III General Meeting of Shareholders Article <u>10</u> . (Record Date for <u>Annual General Meeting of Shareholders</u> )  The Company shall treat the shareholders appearing or recorded in the final shareholders’ register as of March 31 of each year as shareholders entitled to exercise shareholder’s rights at the Annual General Meeting of Shareholders for the relevant fiscal year.
Chapter III General Meeting of Shareholders	
Article <u>12</u> . (Omitted)	Article <u>11</u> . (Unchanged)
Article <u>13</u> . (Omitted)	Article <u>12</u> . (Unchanged)

Current Articles of Incorporation	Proposed Amendments
<p><u>Article 14. (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.)</u></p> <p><u>When the Company convenes a General Meeting of Shareholders, if it discloses information that is to be stated or presented 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 Ministry of Justice Order, it may be deemed that the Company has provided this information to shareholders.</u></p>	<p>(Deleted)</p>

Current Articles of Incorporation	Proposed Amendments
<p>(Newly established)</p>	<p><u>Article 13. (Measures, Etc. for Providing Information in Electronic Format)</u>  <u>1. When the Company convenes a General Meeting of Shareholders, it shall take measures for providing information that constitutes the content of Reference Documents for the General Meeting of Shareholders, etc. in electronic format.</u>  <u>2. Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p>
<p>Article <u>15.</u> - <u>44.</u> (Omitted)</p>	<p>Article <u>14.</u> - <u>43.</u> (Unchanged)</p>
<p>Chapter VII Calculations</p>	<p>Chapter VII Calculations</p>
<p>Article <u>45.</u> (Omitted)</p>	<p>Article <u>44.</u> (Unchanged)</p>
<p>(Newly established)</p>	<p><u>Article 45. (Organization for Determining Dividends of Surplus)</u></p>
<p>(Newly established)</p>	<p><u>Unless otherwise provided for by laws and regulations, the Company may determine the matters set forth in each item of Article 459, paragraph 1 of the Companies Act, including dividends of surplus, by resolution of the Board of Directors.</u></p>
<p>Article <u>46.</u> (Dividends of Surplus)</p>	<p>(Deleted)</p>
<p><u>1. The Company shall, by resolution of the General Meeting of Shareholders, pay dividends of the surplus to the shareholders or registered share pledgees appearing or recorded in the final shareholders' register as of March 31 of each year.</u></p>	
<p><u>2. If the dividend property is in the form of cash payment, the Company shall be exempt from the obligation to pay the dividend if it has not been received after a full three years from the date of commencement of such payment.</u></p>	
<p><u>3. The cash payment described in the preceding paragraph shall not bear interest.</u></p>	
<p>(Newly established)</p>	<p><u>Article 46. (Record Date for Dividends of Surplus)</u></p>
<p>(Newly established)</p>	<p><u>1. The Company shall pay dividends of the surplus to the shareholders or registered share pledgees appearing or recorded in the final shareholders' register as of March 31 of each year.</u></p>
<p>(Newly established)</p>	<p><u>2. In addition to the preceding paragraph, the Company may declare dividends of surplus by setting a record date.</u></p>

Current Articles of Incorporation	Proposed Amendments
(Newly established)	<p><u>Article 47. (Period of Exclusion of Dividends)</u></p> <p><u>1. If the dividend property is in the form of cash payment, the Company shall be exempt from the obligation to pay the dividend if it has not been received after a full three years from the date of commencement of such payment.</u></p> <p><u>2. The cash payment described in the preceding paragraph shall not bear interest.</u></p>
(Newly established)	<p><u>(Supplementary Provisions)</u></p> <p><u>1. The deletion of Article 14 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) in the pre-amended Articles of Incorporation and the establishment of the new Article 13 (Measures, Etc. for Providing Information in Electronic Format) in the amended Articles of Incorporation shall take effect from the date of enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the “Date of Enforcement”).</u></p> <p><u>2. Notwithstanding the provisions of the preceding paragraph, Article 14 of the pre-amended Articles of Incorporation shall remain in effect with respect to any General Meeting of Shareholders held on a date from June 1, 2022 to February 28, 2023.</u></p> <p><u>3. These Supplementary Provisions shall be deleted on the date when six months have elapsed from the Date of Enforcement or three months have elapsed from the date of the General Meeting of Shareholders in the preceding paragraph, whichever is later.</u></p>

**Proposal No. 3** Election of 9 Directors

At the conclusion of this meeting, the terms of office of all 9 Directors will expire. Therefore, the Company proposes the election of 9 Directors.

The candidates for Director are as follows:

Candidate No.	Name	Position and responsibility in the Company	
1	Kenji Kanamori	Director and Chairperson	Reelection
2	Akio Yamagata	Director President and CEO General Manager of Quality Division	Reelection
3	Hajime Hosoi	Director Senior Managing Executive Officer General Manager of International Business Division	Reelection
4	Kazuhito Itani	Director Managing Executive Officer General Manager of Sales Division In charge of Engineering Group	Reelection
5	Yasuhiro Yoshimoto	Director Managing Executive Officer Deputy General Manager of Sales Division In charge of Security Business	Reelection
6	Hiroyuki Uemura	External Director	Reelection External Director Independent Director
7	Hideyo Nakano	External Director	Reelection External Director Independent Director
8	Masaaki Matsunaga		New Election External Director Independent Director
9	Kiyoshi Amano	Director Senior Executive Officer General Manager of General Administrative Division In charge of Internal Auditing Office	Reelection

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	<p style="text-align: center;">Kenji Kanamori (September 26, 1951)</p> <p style="text-align: center;">Reelection</p>	<p>Apr. 1972      Joined the Company</p> <p>Apr. 2004      Executive Officer, Deputy General Manager of Sales Division</p> <p>June 2007      Director, Deputy General Manager of Sales Division</p> <p>June 2009      Managing Director, General Manager of Sales Division</p> <p>June 2010      Senior Managing Director, General Manager of Sales Division</p> <p>June 2013      Director and President</p> <p>May 2017      Vice Chairperson, National Fire Equipment Society, General Incorporated Association</p> <p>                    Chairperson, Japan Fire Alarms Manufacturer's Association, General Incorporated Association</p> <p>June 2017      Director and Chairperson (present position)</p> <p>May 2021      Chairperson, National Fire Equipment Society, General Incorporated Association (present position)</p> <p>                    Chairperson, Japan Fire Extinguishing Systems Manufactures Association, General Incorporated Association (present position)</p>	<p style="text-align: center;">76,501 shares (Including 19,901 shares scheduled to be delivered regarding the performance-linked stock compensation plan)</p>
<p>[Reasons for nomination as candidate for Director]</p> <p>Kenji Kanamori has appropriate experience and ability to serve as the Company's Director such as having abundant experience and extensive knowledge as corporate manager, having shown his leadership as the representative of the management of the Company and being well-versed in various areas of the Company's business.</p>			



Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
2	Akio Yamagata (October 14, 1950)  Reelection	Apr. 1973      Joined the Company Apr. 2005      Executive Officer, Deputy General Manager of General Administrative Division June 2007      Director, Deputy General Manager of General Administrative Division June 2008      Director, General Manager of General Administrative Division June 2011      Managing Director, General Manager of General Administrative Division June 2012      Managing Director, in charge of Business Planning Division June 2013      Senior Managing Director June 2014      Senior Managing Director, General Manager of International Business Division June 2015      Director and Vice President, General Manager of International Business Division of the Company Apr. 2017      Director and Vice President, in charge of International Business Division June 2017      Director and President Apr. 2018      Director and President, General Manager of Quality Division June 2019      Director President and CEO, General Manager of Quality Division (present position) May 2021      Vice Chairperson, Japan Fire Alarms Manufacturer's Association, General Incorporated Association (present position)	59,404 shares (Including 20,204 shares scheduled to be delivered regarding the performance-linked stock compensation plan)
[Reasons for nomination as candidate for Director] Akio Yamagata has appropriate experience and ability to serve as the Company's Director such as having abundant experience and extensive knowledge as corporate manager, having shown his leadership as the representative of the management of the Company and being well-versed in various areas of the Company's business.			
3	Hajime Hosoi (December 31, 1964)  Reelection	Feb. 1989      Joined the Company Apr. 2013      Administration Officer, Head of Business Planning Office June 2013      Director, Head of Business Planning Office Apr. 2018      Director, General Manager of Sales Division June 2018      Managing Director, General Manager of Sales Division Apr. 2019      Managing Director, General Manager of Sales Division, in charge of Maintenance Business and Engineering Group June 2019      Director Managing Executive Officer, General Manager of Sales Division, in charge of Maintenance Business and Engineering Group Apr. 2020      Director Senior Managing Executive Officer, General Manager of International Business Division (present position)	21,541 shares (Including 10,331 shares scheduled to be delivered regarding the performance-linked stock compensation plan)
[Reasons for nomination as candidate for Director] Hajime Hosoi has appropriate experience and ability to serve as the Company's Director such as having abundant experience in the areas of business planning, sales and international business, and having shown his leadership in the entire Group, including overseas companies.			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
4	Kazuhito Itani (July 11, 1957)  Reelection	<p>Apr. 1981      Joined the Company</p> <p>Apr. 2013      Executive Officer, Deputy General Manager of Sales Division</p> <p>June 2014      Director, Deputy General Manager of Sales Division, and General Manager of Tokyo Branch</p> <p>June 2015      Director &amp; President of Hochiki Engineering Corp.</p> <p>June 2019      Director Senior Executive Officer, Deputy General Manager of Sales Division, and General Manager of Tokyo Branch</p> <p>Apr. 2020      Director Managing Executive Officer, General Manager of Sales Division, in charge of Maintenance Business and Engineering Group</p> <p>Oct. 2020      Director Managing Executive Officer, General Manager of Sales Division, in charge of Maintenance Business, Security Business and Engineering Group</p> <p>Apr. 2021      Director Managing Executive Officer, General Manager of Sales Division, in charge of Engineering Group (present position)</p>	16,086 shares (Including 7,613 shares scheduled to be delivered regarding the performance-linked stock compensation plan)
<p>[Reasons for nomination as candidate for Director]</p> <p>Kazuhito Itani has appropriate experience and ability as to serve as the Company's Director such as having abundant experience in sales and having shown his leadership mainly in domestic businesses.</p>			
5	Yasuhiro Yoshimoto (July 16, 1961)  Reelection	<p>Apr. 2013      Administration Officer, General Manager of Sixth Region of SOHGO SECURITY SERVICES CO., LTD.</p> <p>Apr. 2016      Seconded to Nippon Building Maintenance Co., Ltd. (currently ALSOK Facilities Co., Ltd.) Representative Director and President</p> <p>Apr. 2017      Executive Officer of SOHGO SECURITY SERVICES CO., LTD.</p> <p>Apr. 2021      Managing Executive Officer, Deputy General Manager of Sales Division, in charge of Security Business of the Company Councilor of SOHGO SECURITY SERVICES CO., LTD. (present position)</p> <p>June 2021      Director Managing Executive Officer, Deputy General Manager of Sales Division, in charge of Security Business of the Company (present position)</p>	547 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>Yasuhiro Yoshimoto has appropriate experience and ability to serve as the Company's Director such as having experience and extensive knowledge as corporate manager and having shown his leadership from an expert standpoint mainly in domestic businesses.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
6	Hiroyuki Uemura (January 23, 1942)  Reelection External Director Independent Director	<p>June 1991 Director of Sumitomo Marine &amp; Fire Insurance Co., Ltd. (currently Mitsui Sumitomo Insurance Company, Limited)</p> <p>June 1994 Managing Director</p> <p>June 1997 Senior Managing Director</p> <p>June 1998 Director and President</p> <p>June 2002 Director of the Company</p> <p>June 2004 Retired as Director of the Company</p> <p>June 2006 Director of the Company (present position)</p> <p>July 2007 Full-time Advisor of Mitsui Sumitomo Insurance Company, Limited</p> <p>Apr. 2013 Senior Advisor</p> <p>June 2015 External Director of Taisho Pharmaceutical Holdings Co., Ltd. (present position)</p> <p>Apr. 2017 Honorary Advisor of Mitsui Sumitomo Insurance Company, Limited (present position)</p> <p>Apr. 2019 Chairperson of Kaetsu Gakuen Educational Corporation (present position)</p>	13,000 shares
<p>[Reasons for nomination as candidate for external Director and expected roles]</p> <p>Hiroyuki Uemura has abundant experience and extensive knowledge as corporate manager and has made appropriate remarks contributing to the Company's management from his expert standpoint at meetings of the Board of Directors. The Company requests approval for his election as an external Director as it expects him to continue to play a role in providing advice and supervision.</p>			
7	Hideyo Nakano (September 13, 1959)  Reelection External Director Independent Director	<p>Nov. 1991 Vice President of Cititrust and Banking Corporation</p> <p>Oct. 1993 Senior Portfolio Manager and Head of Private Investment</p> <p>Jan. 2000 Director and Head of Investment Division of FuNNeX Asset Management Inc.</p> <p>Mar. 2004 CEO of Trias Corporation (present position)</p> <p>Mar. 2020 External Director of OUTSOURCING Inc. (present position)</p> <p>June 2021 Director of the Company (present position)</p>	—
<p>[Reasons for nomination as candidate for external Director and expected roles]</p> <p>Hideyo Nakano is well versed in overseas business in addition to having abundant experience and extensive knowledge as a corporate manager of an IR/PR consulting company, and from this expert standpoint, she has made appropriate remarks contributing to the Company's management at meetings of the Board of Directors. The Company requests approval for her election as an external Director as it expects her to continue to play a role in providing advice and supervision.</p>			
8	Masaaki Matsunaga (August 7, 1960)  New Election External Director Independent Director	<p>June 2013 Director of The Toa Reinsurance Company, Limited</p> <p>June 2016 Managing Director</p> <p>June 2020 President and Chief Executive (present position)</p>	—
<p>[Reasons for nomination as candidate for external Director and expected roles]</p> <p>Masaaki Matsunaga has experience and extensive knowledge as corporate manager and is expected to provide advice and supervision contributing to the Company's management from this expert standpoint.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
9	Kiyoshi Amano (January 28, 1960)  Reelection	<p>Aug. 1988      Joined the Company</p> <p>June 2012      General Manager of Accounting Department, General Administrative Division</p> <p>Apr. 2015      Executive Officer, Deputy General Manager of General Administrative Division</p> <p>June 2018      Director, Deputy General Manager of General Administrative Division, and in charge of Internal Auditing Office</p> <p>Apr. 2019      Director, General Manager of General Administrative Division, General Manager of General Affairs Department, and in charge of Internal Auditing Office</p> <p>June 2019      Director Senior Executive Officer, General Manager of General Administrative Division, General Manager of General Affairs Department, and in charge of Internal Auditing Office</p> <p>Apr. 2021      Director Senior Executive Officer, General Manager of General Administrative Division, and in charge of Internal Auditing Office (present position)</p>	10,005 shares (Including 5,624 shares scheduled to be delivered regarding the performance-linked stock compensation plan)
<p>[Reasons for nomination as candidate for Director]</p> <p>Kiyoshi Amano has appropriate experience and ability to serve as the Company's Director such as having abundant experience in the area of finance and accounting and having shown his leadership mainly in the planning and general administration fields.</p>			

- Notes:
- There is no special interest between any of the candidates and the Company.
  - The Company requests approval for the election of Hiroyuki Uemura, Hideyo Nakano and Masaaki Matsunaga as external Directors, with the expectation that they can provide effective advice from their objective viewpoint independent from other Directors and from their expert standpoint based on experience and knowledge as corporate managers, among others. Hiroyuki Uemura and Hideyo Nakano have been appropriately supervising the Company's management. Hiroyuki Uemura has been serving as an external Director of the Company since June 2006. At the conclusion of this meeting, his tenure will have been 16 years. Hideyo Nakano has been serving as an external Director of the Company since June 2021. At the conclusion of this meeting, her tenure will have been one year.
  - The Company has submitted notification to Tokyo Stock Exchange, Inc. that Hiroyuki Uemura and Hideyo Nakano have been appointed as independent directors. Upon approval for the election of Hiroyuki Uemura, Hideyo Nakano and Masaaki Matsunaga, the Company plans for their appointment as independent directors.
  - Upon approval for the election of Hiroyuki Uemura, Hideyo Nakano and Masaaki Matsunaga, the Company plans to continue the aforementioned limited liability agreement with Hiroyuki Uemura and Hideyo Nakano, and to newly enter into the aforementioned agreement with Masaaki Matsunaga.
  - As provided for in Article 430-3, paragraph 1 of the Companies Act, the Company has entered into a directors and officers liability insurance policy, in which the Directors of the Company are insureds, with an insurance company and the full amount of insurance premiums are borne by the Company. An overview of the details is as follows. The insurance company covers, under this policy, losses that arise through a subject officer, who is an insured, assuming liability related to their execution of duties or through claims pertaining to the pursuit of such liability, and if each candidate assumes office as a Director, each Director will be included as an insured in this policy. In addition, when the policy is renewed, the Company plans to renew the policy with the same terms.
  - The numbers of the Company's shares owned by each candidate include the number of shares scheduled to be delivered upon retirement pursuant with the performance-linked stock compensation plan introduced in fiscal year 2018. Note that the voting rights attached to the shares scheduled to be delivered pursuant to the Plan are non-exercisable during the period until they are delivered to each candidate in the future. In addition, shares constituting an equivalent of 40% of said shares scheduled to be delivered shall be sold on the market and the proceeds are scheduled to be delivered to each candidate to secure funds for payment of taxes.

**Proposal No. 4** Election of One Audit and Supervisory Board Member

At the conclusion of this meeting, the term of office of Audit and Supervisory Board Member Yuji Hirai will expire. Therefore, the Company proposes the election of one Audit and Supervisory Board Member. The Company proposes to nominate Yuji Hirai for reelection as a candidate for Audit and Supervisory Board Member. In addition, the consent of the Audit and Supervisory Board has been obtained for this proposal. The candidate for Audit and Supervisory Board Member is as follows:

Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
Yuji Hirai (October 5, 1953)  Reelection	Apr. 1974    Joined the Company Apr. 2008    Executive Officer, Deputy General Manager of Sales Division June 2009    Director, Deputy General Manager of Sales Division June 2013    Managing Director, General Manager of Sales Division Apr. 2018    Managing Director, in charge of Sales Division June 2018    Audit and Supervisory Board Member (present position)	26,900 shares
[Reasons for nomination as a candidate for Audit and Supervisory Board Member] Yuji Hirai has abundant experience mainly in the domestic business field, and has conducted effective audits that contribute to the Company's management. The Company requests approval for his election as an Audit and Supervisory Board Member as it expects him to continue to play a role in conducting audits and supervision.		

- Notes:
1. There is no special interest between the candidate and the Company.
  2. Pursuant to Article 427, paragraph 1 of the Companies Act and provisions of the Articles of Incorporation of the Company, the Company has entered into an agreement with Yuji Hirai to limit his liability for damages under Article 423, paragraph 1 of the same Act. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for under laws and regulations. Upon approval of his election, the Company plans to continue the same liability limitation agreement with him.
  3. As provided for in Article 430-3, paragraph 1 of the Companies Act, the Company has entered into a directors and officers liability insurance policy with the Company's Audit and Supervisory Board Members as insureds with an insurance company, and the full amount of insurance premiums are borne by the Company.  
 An overview of this policy is as follows. The insurance company covers, under this policy, losses that arise through a subject officer, who is an insured, assuming liability related to their execution of duties or through claims pertaining to the pursuit of such liability, and if the candidate assumes office as an Audit and Supervisory Board Member, the Audit and Supervisory Board Member will be included as an insured in this policy. In addition, when the policy is renewed, the Company plans to renew the policy with the same terms.

(Reference) Skill Matrix

Directors

Candidate No.	Name	Classification	Corporate Management	Sales and Marketing	Global Experience	R&D and Production Quality	Finance and Accounting	Legal Affairs and Compliance	Human Resources and Labor	ICT	Industry Experience
1	Kenji Kanamori	Internal Director	•	•							•
2	Akio Yamagata	Internal Director	•	•	•	•		•	•		•
3	Hajime Hosoi	Internal Director	•	•	•						
4	Kazuhiro Itani	Internal Director	•	•							
5	Yasuhiro Yoshimoto	Internal Director	•	•							•
6	Hirofumi Uemura	External Director	•	•	•				•		
7	Hideyo Nakano	External Director	•	•	•		•				
8	Masaaki Matsunaga	External Director	•	•	•		•				
9	Kiyoshi Amano	Internal Director					•	•		•	

Audit and Supervisory Board Members

	Name	Classification	Corporate Management	Sales and Marketing	Global Experience	R&D and Production Quality	Finance and Accounting	Legal Affairs and Compliance	Human Resources and Labor	ICT	Industry Experience
Candidate	Yuji Hirai	Internal Audit and Supervisory Board Member		•							
Present position	Masahide Nakamura	External Audit and Supervisory Board Member		•			•	•		•	
Present position	Makoto Tanaka	External Audit and Supervisory Board Member	•				•				
Present position	Minako Adachi	Internal Audit and Supervisory Board Member	•	•	•						

# Business Report

(From April 1, 2021 to March 31, 2022)

## 1. Current Status of the Corporate Group

### (1) Business Progress and Results

Although the Japanese economy during the consolidated fiscal year ending on March 31, 2022 showed signs of recovery due to the temporary decline in COVID-19 cases, concerns remain over the appearance of a new variant and the resurgence of infections. In addition, supply chain issues such as the tight supply of electronic components (mainly semiconductors) and delay in shipping, as well as higher energy and raw material prices and changes in the financial and capital markets due to the deteriorating conditions in Ukraine have raised more uncertainty.

In the fire prevention, information and communication industry, risks affecting income persisted, including the lowering of prices due to competition between companies, and the increase in raw material prices, labor and logistics costs.

Under these circumstances, the Group has committed itself to promote sales activities to realize the Medium-Term Management Plan “VISION 2023 (from FY3/2022 to FY3/2024).” In Japan, our stock model business, Refurbishment/Retrofit & Maintenance, remained steady. Overseas, we saw increased sales in reaction to the decline in the previous fiscal year due to the spread of COVID-19 and we made progress through system sales expansion measures. As a result, orders received amounted to ¥81,267 million (up 4.6% year on year) and net sales amounted to ¥81,251 million (up 6.1% year on year). As for profits, although we made product warranty provisions for the partial recall of residential fire alarms, due to the increase in net sales and cost-reduction measures, the operating profit was ¥5,479 million (up 5.8% year on year), ordinary profit was ¥5,626 million (up 6.7% year on year), and profit attributable to the owners of the parent company was ¥4,124 million (up 7.8% year on year), each representing record earnings.

Operating results by segment are as described below.

In the Fire Prevention Business, while the shortage of component supplies had an impact on the manufacturing of some of the fire alarm systems and fire extinguishing systems, the Group worked to strengthen the collaboration among the divisions in the cycle from receiving new installation orders to receiving maintenance orders through the best use of the CRM (Customer Relationship Management) system, thereby effectively capturing demand for new installations and refurbishment/retrofit installations. Overseas, in addition to the system sales measures for the product line consisting of fire alarm systems, the Group worked to expand business areas in order to enter into the market of large buildings, and promoted sales activities by leveraging our strength and technical support capabilities.

As a result, in the Fire Prevention Business, orders received amounted to ¥67,768 million (up 4.9% year on year) and net sales amounted to ¥68,210 million (up 7.2% year on year).

For the information and communication systems, and the security systems in the Information and Communication Business, the Group promoted the capturing of demand for new installations and refurbishment/retrofit installations of broadcasting and intercom systems, and at the same time carried out sales activities leveraging the customer base of the Fire Prevention Business, mainly for access control systems.

As a result, in the Information and Communication Business, orders received amounted to ¥13,499 million (up 2.6% year on year), and net sales amounted to ¥13,040 million (up 0.8% year on year).

## Orders Received and Net Sales by Business Segment

By Business Segment		Orders Received			Net Sales		
		FY3/2021	FY3/2022	YoY Change	FY3/2021	FY3/2022	YoY Change
Fire Prevention Business	Fire Alarm Systems	¥ million 54,660	¥ million 58,534	% 107.1	¥ million 54,262	¥ million 58,404	% 107.6
	Fire Extinguishing Systems	9,912	9,234	93.2	9,366	9,805	104.7
	Subtotal	64,573	67,768	104.9	63,629	68,210	107.2
Information and Communication Business	Information and Communication Systems	8,645	8,738	101.1	8,491	8,421	99.2
	Security Systems	4,507	4,760	105.6	4,446	4,619	103.9
	Subtotal	13,153	13,499	102.6	12,938	13,040	100.8
Total		77,726	81,267	104.6	76,567	81,251	106.1

### (4) Issues to be Addressed

With the recent pick-up in capital expenditure, the circumstances surrounding the Group are expected to modestly recover. In addition, despite the continued uncertainty on when the COVID-19 pandemic will be brought under control, the operating environment is not expected to worsen significantly in our industry. Meanwhile, risks that may affect income are emerging, including the further lowering of prices due to competition between companies, rise in construction costs due to increase in raw material prices and labor costs, and stagnation of the supply chain mainly for electronic components. Close attention also needs to be paid to economic developments affected by changes in the global situation, such as surges in the prices of oil and other resources, and changes in the financial market.

Under these circumstances, the Group will implement measures for achieving its Medium-Term Management Plan “VISION 2023 (from FY3/2022 to FY3/2024)” and transform its corporate culture so as to embody its management philosophy of “Safety for All,” “Quality and Value” and “Community Welfare,” and further contribute to the enhancement of its corporate value and to a sustainable society.

### (Management Goals)

We will steadily carry out “strategic investments in the future” and maintain “ROE” with the aim of improving “operating profit margin” by “improving our management structure” and “strengthening our financial base.”

Financial indicators	Net sales	¥83.0 billion
	Operating profit	¥5.9 billion
FY3/2023 (Forecast)	Operating profit margin	7.1%
	ROE	9.7%

### (Management Measures)

#### (1) Pursue a “business model with strong competitive advantage” and realize sustainable growth

For the Domestic Business, we will work on the following measures to make our customer support cycle more effective.

The Fire Prevention Business will effectively capture demand for new installations and refurbishment/retrofit installations through the best use of the CRM (Customer Relationship Management) system. In pursuit of further stable growth, the Maintenance Business will continue to improve business quality and also take on new challenges, including the provision of value-added services using digital technology.

The Information and Communication Business will focus on the security field, which is expected to grow, and strengthen its collaboration with alliance companies aiming to establish a business model of proposal-based selling.



Against the backdrop of continuing market growth, the Overseas Business is positioned as a key player in our growth scenario. It will promote system sales of the product line consisting of fire alarm systems, particularly, new receivers that were brought into the market as strategic products, and gain a deeper penetration into the market, including by entering large-scale markets and expanding sales to new customers. In addition, we will aim to ensure steady growth in the Overseas Business by re-building a business model most suitable for each region, particularly, in Europe, US and major Asia-Pacific regions, and leveraging our strength and technical support capability.

### (2) Strengthen the manufacturing foundation that supports sustainable growth

We will strengthen our basic research and element technology development for the future, and create a foundation for further growth and development after marking our 100th anniversary, thereby enhancing our “manufacturing ability” in the mid- and long-term perspectives. In addition, in order to provide high-quality and cost-competitive products with the shortest delivery time in both the Domestic and Overseas Businesses in the future, we will rebuild and reconstruct the supply chain management in a broad sense, including product planning, product development, components procurement, production technologies, and manufacturing, and promote efforts to create new value-added products.

### (3) Enhance management reforms that are adapted to changes in the environment

In pursuit of the Group’s sustainable growth, we will implement measures to make full use of diversity, including by actively hiring global employees with high expertise to be more competitive, implementing a job-based HR system, and providing the elderly and women with more opportunities to exercise their abilities. Furthermore, we will maintain and enhance our financial health through business management that is conscious of capital efficiency, and steadily implement strategic investments for the future, such as through DX (digital transformation), and environmental and social contributions while enhancing the accuracy of our investment management.

With a management goal of contributing to building a safe and secure society through corporate activities centered around the Fire Prevention Business, the Group will provide high-quality products and systems, and further improve its profit-oriented manufacturing, sales, installation and maintenance systems. Furthermore, in accordance with the newly established “Group ESG Basic Policy,” we will enhance a sound and transparent corporate governance, promote activities that help realize a carbon neutral society, and ensure an improved work environment in anticipation of future changes in labor and advancements in health management. By doing this, we will build an organization where employees with diverse values can play an active role depending on their individual characteristics and abilities, and continue with our challenge to be an “attractive global brand” living in harmony with society.