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(Stock Exchange Code 6958)
June 8, 2022

To Shareholders with Voting Rights:

Isao Osawa
President
CMK Corporation
6-5-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo

**NOTICE OF
THE 62TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 62th Annual General Meeting of Shareholders of CMK Corporation (the "Company"). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:10 p.m. on Monday, June 27, 2022, Japan time.

- 1. Date and Time:** Tuesday, June 28, 2022 at 10:00 a.m. Japan time
- 2. Place:** Main conference room , 3rd floor, SE Center
located at 1106 Fujikubo, Miyoshi-machi, Iruma-gun, Saitama
- 3. Meeting Agenda:**
- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company's 62th Fiscal Year (April 1, 2021 - March 31, 2022) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company's 62th Fiscal Year (April 1, 2021 - March 31, 2022)
- Proposals to be resolved:**
- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Amendment to the Articles of Incorporation
- Proposal 3:** Election of eight (8) Directors
- Proposal 4:** Election of One (1) Substitute Corporate Auditor
- Proposal 5:** Payment of Remuneration for Allotting Restricted Shares to Directors

- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
- Of the documents to be attached to this Convocation Notice, the following items are posted on the our company website (<https://www.cmk-corp.com>) in accordance with laws and regulations as well as Article 16 of the our company Articles of Incorporation.

1. Consolidated Statement of Changes in Net Assets
2. Notes to Consolidated Financial Statements
3. Non-consolidated Statement of Changes in Net Assets
4. Notes to Non-consolidated Financial Statements

- Accordingly, this convocation notice attachment is a part of the consolidated financial statements or financial statements audited by the corporate auditors and the accounting auditors at the time of preparation of the audit report.
- Any revision to the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements or Non-consolidated Financial Statements will be posted on the Company's website (<https://www.cmk-corp.com>).

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The appropriation of surplus is proposed as follows.

Matters concerning the year-end dividend:

The Company considers the return of profits to shareholders as one of its most important measures. The Company's basic policy is to implement the stable and continued payment of dividends targeting a consolidated dividend payout ratio of around 30%, while securing the necessary internal reserves for strengthening the management structure and future business development, as well as taking into consideration matters such as business performance and financial status.

Based on this policy, the Company proposes a year-end dividend for the fiscal year under review of 14 yen per share, as follows.

- (1) Type of dividend property
Cash
- (2) Matters concerning the allotment of dividend property to shareholders and the total amount thereof
14yen per share of common stock of the Company
Total amount: 828,731,736 yen
- (3) Effective date of distribution of surplus
June 29, 2022

Proposal 2: Amendment to the Articles of Incorporation

1. Reasons for the Amendment

- (1) Accompanying the 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) on September 1, 2022, the Company proposes to make the following changes to the Articles of Incorporation due to the introduction of the system for providing informational materials for the general meeting of shareholders in electronic format.
- 1) Since the Company is obligated to stipulate in its Articles of Incorporation that it will take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format, the Company will establish the new Article 16 (Measures, etc. for Providing Information in Electronic Format), Paragraph 1 in Proposed Amendments below.
 - 2) Among items for which the measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format will be taken, since the Company may 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 to the scope designated by the Ministry of Justice Order, the Company will establish the new Article 16 (Measures, etc. for Providing Information in Electronic Format), Paragraph 2 in Proposed Amendments below.
 - 3) Since the provision of Article 16 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, etc.) of the current Articles of Incorporation will no longer be required after the introduction of the system for providing informational materials for the general meeting of shareholders in electronic format, it will be deleted.
 - 4) The Company will establish supplementary provisions regarding the effective date, etc. regarding the aforementioned establishment and deletion of provisions. These supplementary provisions will be deleted on the date when the specified time has elapsed.
- (2) In order to invigorate the Board of Directors, speed up decision-making and increase management efficiency, the number of Directors stipulated in Article 19 (Number of Directors) of the current Articles of Incorporation will be changed from not more than 20 Directors to not more than ten Directors.

2. Details of the Amendment

The details of the amendment are as follows:

(Amendments are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p><u>Article 16. (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, etc.)</u> <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, financial statements and 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><Newly established></p>	<p><Deleted></p> <p><u>Article 16. (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 19. (Number of Directors) The Company shall have not more than <u>20</u> Directors.</p> <p><Newly established></p>	<p>Article 19. (Number of Directors) The Company shall have not more than <u>ten</u> Directors.</p> <p><u>(Supplementary Provisions)</u> <u>Article 1. (Transitional Measures for Providing Informational Materials for the General Meeting of Shareholders in Electronic Format)</u> <u>1. The deletion of Article 16 (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 16 (Measures, etc. for Providing Information in Electronic Format) in the amended Articles of Incorporation shall be effective from September 1, 2022.</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p data-bbox="847 271 1409 465"><u>2. Notwithstanding the provision of the preceding paragraph, Article 16 of the pre-amended Articles of Incorporation shall remain effective regarding any general meeting of shareholders held on a date within six months from September 1, 2022.</u></p> <p data-bbox="847 504 1350 698"><u>3. These Supplementary Provisions shall be deleted on the date when six months have elapsed from September 1, 2022 or three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u></p>

Proposal 3: Election of eight (8) Directors

The terms of office of all nine (9) currently serving Directors will expire at the conclusion of this General Meeting of Shareholders. In that regard, the Company proposes the election of eight (8) Directors, lowering the number of Directors by one (1) to review the management system.

The candidates for Directors are as follows:

No.	Name	Current positions and responsibilities in the Company	Attendance at Board of Directors meetings	
1	Reappointment	Isao Osawa	President Chief Executive Officer	100% (13/13)
2	Reappointment	Kunihiko Tedo	Director and Executive Officer General Manager of President Office	100% (13/13)
3	Reappointment	Yoshihisa Yamaguchi	Director and Executive Officer In charge of Accounting	100% (13/13)
4	Reappointment	Yoshiaki Ishizaka	Director and Executive Officer In charge of Procurement and Sales	100% (13/13)
5	New appointment	Kazuto Ono	Executive Officer In charge of Personnel System Reform and Compliance	—
6	Reappointment Outside Independent	Tsuyoshi Ukyo	Outside Director	100% (13/13)
7	Reappointment Outside Independent	Rika Sato	Outside Director	100% (13/13)
8	Reappointment Outside Independent	Mitsuru Kaitoh	Outside Director	100% (13/13)

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	Isao Osawa (April 29, 1958) Reappointment	September 1989 Joined CMK Kanbara Electronics Corporation August 1992 Joined Kuwabara Electric Corporation (current Niigata Quality Supply Co., Ltd.) October 2014 Joined the Company Deputy General Manager of Domestic Operations Head Office and Kanbara Manufacturing Operation of the Company December 2014 General Manager of Domestic Operations Head Office and Quality Assurance Department of the Company February 2015 Executive Officer of the Company General Manager of Domestic Operations Head Office of the Company April 2016 In charge of Production of the Company June 2016 Director and Executive Officer of the Company April 2018 President of the Company(current position) January 2020 Chief Executive Officer of the Company(current position) [Significant concurrent positions] Chairman of the Foundation for Technology Promotion of Electronic Circuit Board	1,109
[Reason for selection of the candidate for Director] Mr. Isao Osawa has ample experience and achievements through his involvement mainly in the production division and management of the group-wide production divisions as Director and Executive Officer since 2016. He has been at the helm of the Company's management as President since April 2018 to demonstrate leadership in further profitability improvement. The Company has determined that he can appropriately improve corporate value and therefore continues to propose to elect him as Director.			
2	Kunihiko Tedo (January 1, 1957) Reappointment	April 1980 Joined Canon Inc. January 1998 General Manager of F&A of Canon Europa N.V. January 2000 Assistant CFO & Consumer BU Business Controller of Canon Europe Ltd. July 2007 General Manager of Accounting Department of Office Imaging Products Division of Canon Inc. December 2009 SVP & CFO and Treasurer of Canon USA, Inc. October 2012 SVP & CFO and Treasurer of Canon USA, Inc. President & CEO of Canon Financial Services, Inc. April 2016 Outside Audit & Supervisory Board Member of Canon Marketing Japan Inc. April 2020 Joined the Company, Advisor February 2021 General Manager of President Office of the Company (current position) April 2021 Executive Officer of the Company June 2021 Director and Executive Officer of the Company (current position)	0
[Reason for selection of the candidate for Director] Mr. Kunihiko Tedo has ample experience and achievements in the field of business structural reforms through his many years of involvement in accounting in his previous position and his career in important positions in overseas affiliated companies. As Director and Executive Officer, he is currently committed to formulating measures for structural reform, etc. and to promoting projects. The Company has determined that he is qualified to contribute to the improvement of corporate value and therefore proposes to elect him as Director.			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	Yoshihisa Yamaguchi (April 3, 1968) Reappointment	<p>April 1991 Joined the Company</p> <p>July 2004 General Manager of Corporate Planning Department of the Company</p> <p>January 2011 Director of CMK CORPORATION (THAILAND) CO., LTD.</p> <p>March 2013 General Manager in charge of Electronic Devices Business Department of the Company</p> <p>March 2019 General Manager of Accounting Department of Administration Office of the Company</p> <p>August 2019 Executive Officer of the Company</p> <p>April 2021 In charge of Accounting of the Company (current position)</p> <p>June 2021 Director and Executive Officer of the Company (current position)</p>	0
<p>[Reason for selection of the candidate for Director]</p> <p>Mr. Yoshihisa Yamaguchi has ample experience and achievements through his practical work, mainly through his involvement in the planning and accounting departments since joining the Company. He is currently demonstrating strong leadership in promoting business structural reforms as Director and Executive Officer. The Company has determined that he is qualified to contribute to the improvement of corporate value and therefore proposes to elect him as Director.</p>			
4	Yoshiaki Ishizaka (December 3, 1965) Reappointment	<p>April 1988 Joined the Company</p> <p>December 2005 General Manager of Department III of East Japan Region Sales Division of the Company</p> <p>January 2015 Senior General Manager of East Japan Region Sales Division of the Company</p> <p>April 2017 Executive Officer of the Company (current position)</p> <p>April 2017 Chairman and President of CMKC (HK) LIMITED</p> <p>April 2017 Chairman and President of CMKC (SHENZHEN), LTD.</p> <p>April 2018 Senior General Manager of West Japan Region Sales Division of the Company</p> <p>October 2018 Senior General Manager of Sales Promotion Division of the Company</p> <p>June 2019 Chief Marketing Officer of the Company</p> <p>June 2021 Director and Executive Officer of the Company (current position)</p> <p>February 2022 In charge of Procurement (current position)</p> <p>April 2022 In charge of Sales (current position)</p>	1,700
<p>[Reason for selection of the candidate for Director]</p> <p>Mr. Yoshiaki Ishizaka has ample experience and achievements through his practical work, mainly through his involvement in the sales division since joining the Company. He currently oversees the Group's sales and procurement divisions as Director and Executive Officer and is committed to strengthening the Group's sales and procurement capabilities on a global basis. The Company has determined that he can appropriately improve corporate value and therefore continues to propose to elect him as Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
5	Kazuto Ono (July 20, 1957) New appointment	<p>April 1980 Joined Canon Inc.</p> <p>July 1987 Seconded to New York Headquarters of Canon U.S.A., Inc.</p> <p>April 2003 Unit Executive of Human Resources Unit of Human Resources Management & Organization Headquarters of Canon Inc.</p> <p>April 2012 Executive Officer and Group Executive of Human Resources Management & Organization Headquarters of Canon Inc.</p> <p>March 2013 Director and Group Executive of Human Resources Management & Organization Headquarters of Canon Inc.</p> <p>March 2014 Director and Group Executive of Planning Headquarters of Canon Inc.</p> <p>March 2015 Audit & Supervisory Board Member (full-time) of Canon Inc.</p> <p>November 2019 Senior Managing Director of Japan Audit & Supervisory Board Members Association</p> <p>November 2021 Advisor to Japan Audit & Supervisory Board Members Association (current position)</p> <p>February 2022 Joined the Company, Advisor</p> <p>April 2022 Executive Officer in charge of Personnel System Reform and Compliance of the Company (current position)</p>	0
<p>[Reason for selection of the candidate for Director]</p> <p>Mr. Kazuto Ono has ample experience and achievements in reforming personnel systems through his many years of involvement in human resources and general administration in his previous employment. In addition, he served in important positions of the Japan Audit & Supervisory Board Members Association, and has excellent insight regarding compliance. As Executive Officer, he is currently committed to formulating measures for personnel system reform, etc. and to promoting compliance. The Company has determined that he is qualified to contribute to the improvement of corporate value and therefore proposes to elect him as Director.</p>			
6	Tsuyoshi Ukyo (January 27, 1964) Reappointment Outside Independent	<p>April 1992 Assistant, Division of Mechanical Engineering and Materials Science, Yokohama National University</p> <p>August 1993 Lecturer, Division of Mechanical Engineering and Materials Science, Yokohama National University</p> <p>August 1996 Assistant Professor, Division of Mechanical Engineering and Materials Science, Yokohama National University</p> <p>April 2001 Assistant Professor, Division of System Research and Course of Systems Design, Faculty of Engineering, Yokohama National University</p> <p>April 2007 Associate Professor, Division of System Research and Course of Systems Design, Faculty of Engineering, Yokohama National University</p> <p>April 2012 Professor, Division of System Research and Course of Systems Design, Faculty of Engineering, Yokohama National University (current position)</p> <p>June 2015 Outside Director of the Company (current position)</p> <p>[Significant concurrent positions] Professor, Faculty of Engineering, Yokohama National University</p>	0
<p>[Reason for selection of the candidate for Outside Director and outline of expected role]</p> <p>Mr. Tsuyoshi Ukyo has provided appropriate advice to the Company's management and supervision from his independent position by utilizing his professional knowledge and experience gained as a university professor and made appropriate remarks in the Board of Directors. Although he has never been involved in the management of a company other than as an Outside Director, the Company has determined that he can appropriately perform his duties as an Outside Director for the aforementioned reasons, and the Company expects him to contribute to the improvement of objectivity and transparency of the Nomination and Remuneration Advisory Committee, with the aim of continuously improving the Group's corporate value, and therefore continues to propose to elect him as Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
7	<p style="text-align: center;">Rika Sato (August 15, 1962)</p> <p>Reappointment Outside Independent</p>	<p>April 1992 Registered as an attorney (Tokyo Bar Association)</p> <p>December 1998 Registered as an attorney in the New York State</p> <p>June 2000 Joined Asahi & Koma Law Office (current Nishimura & Asahi)</p> <p>January 2003 Partner, Asahi & Koma Law Office</p> <p>June 2007 Joined the foreign law joint enterprise Jones Day</p> <p>Partner, Jones Day</p> <p>May 2015 External Audit & Supervisory Board Member, Dexerials Corporation</p> <p>January 2016 Founded Ota & Sato</p> <p>Partner, Ota & Sato</p> <p>July 2016 Audit & Supervisory Board Member, Lubrizol Japan Limited (current position)</p> <p>June 2018 Outside Director of the Company (current position)</p> <p>June 2019 Outside Director, Dexerials Corporation (current position)</p> <p>July 2019 Founded Sato & Partners</p> <p>Representative, Sato & Partners (current position)</p> <p>November 2019 Examiner for the Bar Examination and Examiner for the Preliminary Bar Examination (in charge of Code of Civil Procedure) (current position)</p> <p>[Significant concurrent positions]</p> <p>Representative, Sato & Partners</p> <p>Outside Director, Dexerials Corporation</p> <p>Audit & Supervisory Board Member, Lubrizol Japan Limited</p>	0
<p>[Reason for selection of the candidate for Outside Director and outline of expected role]</p> <p>Ms. Rika Sato has provided appropriate advice to the Company's management and supervision from her independent position by providing useful advice on management based on her specialist knowledge and experience as a lawyer and made appropriate remarks in the Board of Directors. Although she has never been involved in the management of a company other than as an Outside Director, the Company has determined that she can appropriately perform her duties as an Outside Director for the aforementioned reasons, and the Company expects her to contribute to the improvement of objectivity and transparency of the Nomination and Remuneration Advisory Committee, with the aim of continuously improving the Group's corporate value, and therefore continues to propose to elect her as Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
	Mitsuru Kaitoh (November 17, 1954) Reappointment Outside Independent	April 1978 Joined ROKU-ROKU SANGYO, LTD June 2003 Director and Executive Officer of ROKU-ROKU SANGYO, LTD June 2009 Director and Executive Managing Officer of ROKU-ROKU SANGYO, LTD June 2010 Vice President of ROKU-ROKU SANGYO, LTD June 2016 President of ROKU-ROKU SANGYO, LTD (current position) [Significant concurrent positions] President of ROKU-ROKU SANGYO, LTD	0
8	[Reason for selection of the candidate for Outside Director and outline of expected role] Mr. Mitsuru Kaitoh has been providing useful advice on the Company's management, and supervision from an independent standpoint, by utilizing his ample experience and wide-ranging knowledge through his many years of work experience in the manufacturing industry and as a Representative Director, and by making comments as appropriate at meetings of the Board of Directors. He is expected to provide advice from a management perspective and contribute to the improvement of objectivity and transparency of the Nomination and Remuneration Advisory Committee, with the aim of continuously improving the Group's corporate value, and therefore continues to propose to elect him as Director. He is the President of ROKU-ROKU SANGYO, LTD and the Company and ROKU-ROKU SANGYO, LTD. have a business relationship for equipment and parts, etc., but the amount of transaction is minimal, less than 0.5% of net sales of both companies, and therefore it is not a significant business relationship.		

(Notes) 1. There are no special interests between each candidate for Director and the Company.

2. Mr. Tsuyoshi Ukyo, Ms. Rika Sato and Mr. Mitsuru Kaitoh are candidates for Outside Director, and the number of years each of them has been in office as Outside Director will have been seven (7) years, four (4) years and two (2) years, respectively, at the conclusion of this General Meeting of Shareholders.
3. The Company has submitted notification that Mr. Tsuyoshi Ukyo, Ms. Rika Sato and Mr. Mitsuru Kaitoh have been designated as Independent Directors/Auditors as stipulated by the Tokyo Stock Exchange. If they are re-elected as Outside Directors, the Company intends to submit notification concerning their appointment as Independent Directors.
4. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has concluded a liability limitation agreement with Mr. Tsuyoshi Ukyo, Ms. Rika Sato, and Mr. Mitsuru Kaitoh to limit the liability under Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability pursuant to the agreement is the amount stipulated by laws and regulations. If their reelection is approved, the Company plans to continue the same agreement with them.
5. The Company has entered into a directors and officers liability insurance agreement as provided for in Article 430-3, Paragraph 1 of the Companies Act, with an insurance company, naming the Company's Directors as the insured parties. The said insurance covers damages that may arise from the insured parties assuming responsibility. All candidates for Director will be insured under the said insurance agreement if they are elected as Director.

Proposal 4: Election of One (1) Substitute Corporate Auditor

In order to fill a deficiency in the number of Corporate Auditors stipulated under laws and regulations, the election of one (1) Substitute Corporate Auditor is proposed. The effective period of the term of office of the Substitute Corporate Auditor is from the conclusion of this General Meeting to the time of the next Annual General Meeting of Shareholders.

The candidate for Substitute Corporate Auditor is as follows.

The Board of Corporate Auditors has previously given its approval to this proposal.

Name (Date of birth)	Past experience, positions, and significant concurrent positions	Number of shares of the Company held
Yukako Oshimi (August 11, 1976)	<p>October 2002 Registered as an attorney (Dai-Ichi Tokyo Bar Association) Joined Nagashima Ohno & Tsunematsu</p> <p>April 2011 Seconded to Ricoh Company, Ltd.</p> <p>September 2014 Joined Shibata, Suzuki & Nakada Partner, Shibata, Suzuki & Nakada (current position)</p> <p>June 2015 Outside Corporate Auditor of JP-Holdings Inc.</p> <p>March 2019 Outside Corporate Auditor of FUJI SOFT INCORPORATED (current position)</p> <p>June 2019 Outside Corporate Auditor of KUREHA CORPORATION (current position)</p> <p>November 2021 Supervisory Director of ORIX JREIT Inc. (current position)</p> <p>January 2022 Outside Audit & Supervisory Board Member of Prored Partners Co., Ltd. (current position)</p> <p>[Significant concurrent positions] Partner, Shibata, Suzuki & Nakada Outside Corporate Auditor of FUJI SOFT INCORPORATED Outside Corporate Auditor of KUREHA CORPORATION(candidate) Supervisory Director of ORIX JREIT Inc. Outside Audit & Supervisory Board Member of Prored Partners Co., Ltd.</p>	0
<p>[Reason for selection of the candidate for Substitute Outside Corporate Auditor] The Company proposes election of Ms. Yukako Oshimi in order to utilize her professional knowledge and experience as an attorney as well as strengthen the auditing system of the Company from her objective standpoint. While she has not had previous involvement with corporate management except for being an Outside Officer, it has been determined that she can appropriately carry out her duties as Outside Corporate Auditor for the above reasons.</p>		

- (Notes) 1. There are no special interests between each candidate for Substitute Corporate Auditor and the Company.
2. The Company elects Ms. Yukako Oshimi as Substitute Outside Corporate Auditor. She meets the requirements for Independent Director/Auditor stipulated by the Tokyo Stock Exchange.
3. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has concluded a liability limitation agreement with Outside Corporate Auditors to limit the liability under Article 423, Paragraph 1 of the Companies Act. If she assumes the office of Outside Corporate Auditor, the Company plans to conclude the agreement with her. The maximum amount of liability pursuant to the agreement is the amount stipulated by laws and regulations.
4. In July 2018, while Ms. Yukako Oshimi was in office as an outside Audit & Supervisory Board Member of JP Holdings Co., Ltd., the company announced that it acknowledged breach of the duty of due care of a prudent manager on the part of the representative director of the company at that time in connection to some of the expenses related to the extraordinary General Meeting of Shareholders of the third quarter of the fiscal year ended March 31, 2018. She has always made recommendations at the Board of Directors meetings, etc. from the viewpoint of legal compliance, and when the breach was acknowledged, she has fulfilled her duties such as by conducting thorough investigations of the fact.
5. The Company has entered into a directors and officers liability insurance agreement with an insurance company as provided for in Article 430-3, Paragraph 1 of the Companies Act, with an insurance company, naming the substitute Corporate Auditor as the insured parties. The said insurance covers damages that may arise from the insured parties assuming responsibility. All candidates for substitute Corporate Auditor will be insured under the said insurance agreement if they are elected as substitute Corporate Auditor.

(Reference) Skill Matrix of the Board of Directors after the General Meeting of Shareholders

If the proposals are approved and adopted as originally proposed at this General Meeting of Shareholders, the composition of Directors and Corporate Auditors, and the particularly expected roles, expertise and background of each person will be as shown below.

	Name	Corporate management	Finance / Accounting	Manufacturing / Technology / Development	Sales / Marketing	Global experience	Law	Personnel and labor / Human resources development	Gender
Director	Isao Osawa	●		●		●			Male
	Kunihiko Tedo	●	●			●			Male
	Yoshijisa Yamaguchi	●	●			●			Male
	Yoshiaki Ishizaka	●			●	●			Male
	Kazuto Ono	●				●		●	Male
	Tsuyoshi Ukyo			●		●			Male
	Rika Sato					●	●		Female
	Mitsuru Kaitoh	●		●	●				Male
Corporate Auditor	Masashi Koike	●			●	●			Male
	Akihiro Okabe	●	●			●			Male
	Yuji Yamanashi	●	●		●				Male
	Masaki Ashibe	●	●		●				Male

(Note) The above list does not represent all the knowledge and experience of each person.

Proposal 5: Payment of Remuneration for Allotting Restricted Shares to Directors

The maximum amount of remuneration for Directors of the Company was approved to be within 420 million yen per annum (excluding the employee salary portion paid to Directors who serve concurrently as employees) at the 47th Annual General Meeting of Shareholders held on June 28, 2007, and such amount has continued to this day. The Company requests approval to introduce a restricted share-based remuneration plan (the “Plan”) for the Company’s Directors (excluding Outside Directors; the “Eligible Directors”) in order to provide them with an incentive to continuously improve the corporate value of the Company and to further promote shared value between the Eligible Directors and shareholders. In addition, separate from the aforementioned remuneration, the Company requests approval to newly pay remuneration for allocating restricted shares.

The total amount of monetary remuneration claims to be paid to Eligible Directors based on this proposal shall be within 30 million yen per annum, which is an amount considered appropriate in view of the aforementioned objectives. In addition, the specific timing for providing thereof and the allocation to each Eligible Director shall be deliberated by the Nomination and Remuneration Advisory Committee, and the Board of Directors shall make the final decision.

The number of Directors is currently nine (9) (including three (3) Outside Directors). Subject to the approval and adoption of Proposal 3 as originally proposed at this General Meeting of Shareholders, the number of Directors will be eight (8) (including three (3) Outside Directors).

The details of the restricted shares allotted to Eligible Directors are as follows:

1. Payments in conjunction with the issuance of restricted shares

The Eligible Directors shall make, every year in principle, in-kind contribution of all monetary remuneration claims paid based on a resolution of the Board of Directors of the Company, and shall receive the Company’s common stock that will be issued or disposed of.

2. Number of restricted shares allotted to Eligible Directors

The total number of shares of common stock that the Company will issue or dispose of for Eligible Directors under the Plan shall be a maximum of 80,000 shares per annum. However, in the event that the Company’s common stock is subject to a stock split (including allotment of the Company’s stock without contribution) or reverse stock split effective on or after the date of resolution of this General Meeting of Shareholders, the number of total shares may be adjusted as necessary within a reasonable extent on or after said effective date. The paid-in amount per share of the Company’s common stock to be issued or disposed of for Eligible Directors based on the Plan shall be determined by the Board of Directors within a range that is not especially advantageous to Eligible Directors, based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day preceding each date of resolution by the Board of Directors meeting that determines the subscription details for said common stock of the Company (if no transactions are concluded on that day, the closing price on the immediately preceding date).

3. Restricted shares allotted to the Eligible Directors

An agreement on the allotment of restricted shares that includes the content outlined below (the “Allotment Agreement”) shall be entered into between the Company and each Eligible Director (common stock allotted under the Allotment Agreement is hereinafter referred to as the “Allotted Shares”).

(1) Restriction period

Eligible Directors may not transfer, create a security interest on, gift inter vivos or otherwise dispose of Allotted Shares during the period from the payment date of the Allotted Shares until the day the Eligible Director retires or resigns from the position of Director of the Company or any other positions specified by the Company’s Board of Directors (the “Transfer Restriction Period”).

(2) Conditions for lifting of transfer restrictions

The Company shall lift the Restriction of all of the Allotted Shares upon expiration of the Transfer Restriction Period, on the condition that the Eligible Director has remained in the position of Director of the Company or any other positions specified by the Company’s Board of Directors during the period from the payment date of the Allotted Shares until the conclusion of the Company’s first Annual General Meeting of Shareholders to be next held.

However, if the Eligible Director retires or resigns during the Transfer Restriction Period for a valid reason or retires or resigns due to their death, the number of the Allotted Shares for which restrictions are lifted and the period in which restrictions are lifted may be reasonably adjusted as necessary.

(3) Reasons for acquisition without contribution

The Company shall acquire, by rights, the Allotted Shares without contribution if the Eligible Director retires

or resigns during the Transfer Restriction Period for an invalid reason.

In the event that there are Allotted Shares whose transfer restrictions have not been lifted at the time of the lifting of transfer restrictions stipulated in (2) above, the Company shall acquire, by rights, these Allotted Shares without contribution.

(4) Treatment during reorganization, etc.

Notwithstanding the provisions in (1) above, in the event that, during the Transfer Restriction Period, the Company's General Meeting of Shareholders approves a merger agreement whereby the Company becomes the non-surviving company, a share exchange agreement or share transfer plan whereby the Company becomes a wholly-owned subsidiary, or any other matters pertaining to reorganization, etc. (however, in the event that the approval of the Company's General Meeting of Shareholders for said reorganization, etc. is not required, approval by the Company's Board of Directors), by a resolution of the Board of Directors of the Company, the number of Allotted Shares whose transfer restrictions are to be lifted and the timing thereof, shall be reasonably adjusted as necessary. In that event, if there are any Allotted Shares whose transfer restrictions have not been lifted immediately after the transfer restrictions have been lifted, the Company shall acquire, by rights, these Allotted Shares without contribution.

(5) Other matters

Other matters pertaining to the Allotment Agreement shall be determined by the Board of Directors of the Company.

4. Reasons why it is appropriate to allot the restricted shares

At the meeting of the Board of Directors held on February 26, 2021, the Company established the policy for decisions on the contents of individual remuneration of Directors. If this proposal is approved, the Company plans to revise the details of this policy, which includes the Plan. Furthermore, the granting of these restricted shares has been deemed to be appropriate as the value of the restricted shares based on a fair market valuation at the close of the day that the relevant resolution of the Board of Directors to grant them is made is within 30 million yen per annum, the maximum total number of common stock issued or disposed of by the Company for Eligible Directors is 80,000 shares per annum, and the dilution rate of the total number of issued shares is around 0.1%, which is immaterial.

It is the Company's intention that shares that have been allotted to Eligible Directors under the Plan shall be managed by a securities company stipulated by the Company in dedicated accounts opened by Eligible Directors so that they cannot be subject to transfer, creation of a security interest on, gifted inter vivos, or otherwise disposed of during the Transfer Restriction Period.