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(Stock Exchange Code 1941)

June 6, 2023

(Commencement date of electronic provision: June 1, 2023)

To Shareholders with Voting Rights:

SAKOTANI Akira
Representative Director and Chairperson
CHUDENKO CORPORATION
6-12 Koamicho, Naka-ku, Hiroshima

**NOTICE OF CONVOCATION OF
THE 107th ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our sincere gratitude for your continued support.

You are cordially invited to attend the 107th Annual General Meeting of Shareholders of CHUDENKO CORPORATION (the “Company”). The meeting will be held for the purposes as described below.

The Company has taken measures for electronic provision for the convocation of this General Meeting of Shareholders, and the matters subject to electronic provision are posted on the Company’s website on the Internet. Please review the information on the following website.

[Company’s website]

<https://www.chudenko.co.jp/en/info/>

In addition to the above, this information is also posted on the Tokyo Stock Exchange (TSE) website. Please access the following website, enter the Company’s name (CHUDENKO) or its stock exchange code (1941), search, and select “Basic information” and then “Documents for public inspection/PR information” to check the available content.

[Tokyo Stock Exchange website]

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

Shareholders can exercise voting rights by any of the following methods instead of attending the venue of the General Meeting of Shareholders in person. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights no later than 5:30 p.m. on Monday, June 26, 2023, Japan time.

To exercise voting rights via the Internet or other similar means

Please read the “Guidance on the Exercise of Voting Rights via the Internet or other similar means” on pages 5 to 6 of the Japanese version of this document and enter your vote for or against the proposals by the above exercise deadline.

Additionally, the Company participates in the electronic voting rights exercise platform for institutional investors operated by ICJ, Inc., and voting rights may be exercised on the said platform.

To exercise voting rights in writing

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it so that it arrives by the above exercise deadline.

- 1. Date and Time:** Tuesday, June 27, 2023 at 10:00 a.m., Japan time
The reception is scheduled to begin at 9:00 a.m.
- 2. Venue:** Large Conference Room, 11th floor of the Head Quarter of the Company
6-12 Koamicho, Naka-ku, Hiroshima (Chudenko Heiwa-odori Building)
- 3. Meeting Agenda:**
- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements for the Company's 107th Fiscal Year (April 1, 2022 - March 31, 2023)
 2. Results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements for the Company's 107th Fiscal Year

Proposals to be resolved:

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Partial Amendments to the Articles of Incorporation
- Proposal 3:** Election of 7 Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)
- Proposal 4:** Election of 4 Directors Who Are Audit & Supervisory Committee Members
- Proposal 5:** Establishment of Remuneration Amounts for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- Proposal 6:** Establishment of Remuneration Amounts for Directors Who Are Audit and Supervisory Committee Members
- Proposal 7:** Establishment of Remuneration for Granting Shares with Restriction on Transfer for Directors (excluding Directors Who Are Audit and Supervisory Committee Members and Outside Directors)

4. Other Decisions Regarding the Convocation:

- (1) If voting rights are exercised by a shareholder both via the Internet, etc. and in writing, only the vote exercised via the Internet, etc. will be treated as valid.
- (2) If voting rights are exercised by a shareholder multiple times via the Internet, etc., only the last vote exercised will be deemed valid.
- (3) If there is no indication of a vote for or against any proposal on the Voting Rights Exercise Form, it will be treated as an indication of approval for the proposal.

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- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
 - Documents to be delivered to shareholders who have not requested document delivery include the Reference Documents for the General Meeting of Shareholders in addition to the matters required by laws and regulations.
 - Pursuant to laws and regulations as well as Article 17, Paragraph 2 of the Company's Articles of Incorporation, documents to be delivered to shareholders who have requested document delivery do not include the following matters subject to electronic provision. Accordingly, such documents are part of the documents audited by the Corporate Auditors and the Accounting Auditor in the course of preparation of audit reports.
 1. "Matters Regarding Stock Acquisition Rights, etc. of the Company" and "Structures to Secure the Appropriateness of Operations and Operational Status of Said Structures" of the Business Report
 2. "Consolidated Statements of Changes in Net Assets" and "Notes to the Consolidated Financial Statements" of the Consolidated Financial Statements
 3. "Non-consolidated Statements of Changes in Net Assets" and "Notes to the Non-consolidated Financial Statements" of the Non-consolidated Financial Statements
 - Any revisions to the matters subject to electronic provision will be provided on each website on which the matters are posted after revisions have been made.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

Based on the “Basic Principles on Capital Policy” below, the Company emphasizes continued and stable dividends, with a dividend policy of providing dividends with a DOE (dividends on consolidated equity ratio) of about 2.7%.

[Basic Principles on Capital Policy]

Upon consideration of ordinary operating funds and response to unexpected risks, the Company utilizes internal funds for investment toward continued growth while comprehensively considering factors including business results and the management environment, aiming to improve corporate value over the medium to long term through enriching shareholder returns.

(1) Investment toward continued growth

Effectively utilize internal funds for investment that will lead to future growth, including initiatives in business expansion, personnel development, and strengthening research and development.

(2) Enriching shareholder returns

Provide continued and stable dividends in view of business results and other factors.

Furthermore, in comprehensive consideration of the management environment, among other factors, implement treasury stock acquisitions as necessary.

As a result, the Company proposes the following regarding year-end dividends for the 107th fiscal year (FY2022):

- (1) Type of dividend property
Cash
- (2) Matters related to allocation of dividend property to shareholders and its total amount
52 yen per share of the Company’s common stock
Total of 2,849,224,612 yen
- (3) Effective date of distribution of surplus
June 28, 2023

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for amendments

- (1) In addition to enabling swift decision-making and execution of operations by delegating authority for the execution of operations from the Board of Directors to Directors, with the aim of further enhancing corporate governance, including strengthening the supervisory functions of the Board of Directors by appointing Directors who are Audit and Supervisory Committee Members, who have voting rights, etc., in the Board of Directors, the Company proposes to transition from a company with a board of corporate auditors to a company with an audit and supervisory committee. In line with this transition, the Articles of Incorporation will be amended to newly establish provisions concerning the Audit and Supervisory Committee and Audit and Supervisory Committee Members, and delete the provisions concerning Corporate Auditors and the Board of Corporate Auditors, among other amendments.
- (2) Changes to article numbering and other necessary changes in line with the above.

2. Details of amendments

The details of the amendments are as follows.

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

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p>(Objectives)</p> <p>Article 2 The objective of the Company shall be to engage in the following businesses:</p> <ol style="list-style-type: none"> <u>1.</u> electrical work; <u>2.</u> telecommunications work; <u>3.</u> piping work, including air-conditioning, cooling and heating, water supply and drainage, and installation of sanitary and environmental pollution prevention equipment; <u>4.</u> water utility work; <u>5.</u> disaster prevention equipment and firefighting equipment work; <u>6.</u> steel structure work; <u>7.</u> civil engineering work; <u>8.</u> construction work; <u>9.</u> paving work; <u>10.</u> painting work; <u>11.</u> scaffolding, civil engineering, and concreting work; <u>12.</u> manufacture, sale, repair, installation, and rental of electrical equipment and devices, mechanical equipment and construction materials and tools; <u>13.</u> telecommunications business; <u>14.</u> planning, development, sale, rental, operation, and maintenance of software and information processing systems; <u>15.</u> design and construction supervision of structures; <u>16.</u> businesses relating to power generation and supply of electricity; <u>17.</u> engineering, consulting, and maintenance work related to each of the above items; <u>18.</u> security business; <u>19.</u> freight business; <u>20.</u> sale and purchase, rental, brokerage, and management of real estate; 	<p>(Objectives)</p> <p>Article 2 (Unchanged)</p> <ol style="list-style-type: none"> <u>(1)</u> electrical work; <u>(2)</u> telecommunications work; <u>(3)</u> piping work, including air-conditioning, cooling and heating, water supply and drainage, and installation of sanitary and environmental pollution prevention equipment; <u>(4)</u> water utility work; <u>(5)</u> disaster prevention equipment and firefighting equipment work; <u>(6)</u> steel structure work; <u>(7)</u> civil engineering work; <u>(8)</u> construction work; <u>(9)</u> paving work; <u>(10)</u> painting work; <u>(11)</u> scaffolding, civil engineering, and concreting work; <u>(12)</u> manufacture, sale, repair, installation, and rental of electrical equipment and devices, mechanical equipment and construction materials and tools; <u>(13)</u> telecommunications business; <u>(14)</u> planning, development, sale, rental, operation, and maintenance of software and information processing systems; <u>(15)</u> design and construction supervision of structures; <u>(16)</u> businesses relating to power generation and supply of electricity; <u>(17)</u> engineering, consulting, and maintenance work related to each of the above items; <u>(18)</u> security business; <u>(19)</u> freight business; <u>(20)</u> sale and purchase, rental, brokerage, and management of real estate;

Current Articles of Incorporation	Proposed Amendments
<p><u>21.</u> businesses relating to agriculture; <u>22.</u> and any business incidental or related to each of the foregoing items</p>	<p><u>(21)</u> businesses relating to agriculture; <u>(22)</u> and any business incidental or related to each of the foregoing items</p>
<p>(Organizational Bodies) Article 4 The Company shall have the following organizational bodies in addition to the general meeting of shareholders and Directors.</p> <ol style="list-style-type: none"> 1. Board of Directors 2. <u>Corporate Auditors</u> 3. <u>Board of Corporate Auditors</u> 4. Accounting Auditor 	<p>(Organizational Bodies) Article 4 (Unchanged)</p> <ol style="list-style-type: none"> (1) Board of Directors (2) <u>Audit and Supervisory Committee</u> (Deleted) (3) Accounting Auditor
<p>CHAPTER II SHARES</p>	<p>CHAPTER II SHARES</p>
<p>(Rights Regarding Odd Lot Shares) Article 9 A Shareholder of the Company may not exercise any right in relation to his or her shares of less than one share unit other than the rights stipulated in each of the following items:</p> <ol style="list-style-type: none"> 1. <u>the rights set out in each item of Article 189, clause 2 of the Companies Act;</u> 2. <u>the right to request acquisition of shares combined with acquisition claims;</u> 3. <u>the right to accept allotment of shares and share purchase warrants in proportion to the amount of shares held by the Shareholder; and</u> 4. <u>the right to make a request stipulated in the following Article.</u> 	<p>(Rights Regarding Odd Lot Shares) Article 9 (Unchanged)</p> <ol style="list-style-type: none"> (1) <u>the rights set out in each item of Article 189, clause 2 of the Companies Act;</u> (2) <u>the right to request acquisition of shares combined with acquisition claims;</u> (3) <u>the right to accept allotment of shares and share purchase warrants in proportion to the amount of shares held by the Shareholder; and</u> (4) <u>the right to make a request stipulated in the following Article.</u>
<p>(Shareholder Register Administrator) Article 11</p> <ol style="list-style-type: none"> 1. (Omitted) 2. The administrator to manage the shareholder register and the location of its office shall be selected by resolution of the Board of Directors, and public notice thereof shall be given. 	<p>(Shareholder Register Administrator) Article 11</p> <ol style="list-style-type: none"> 1. (Unchanged) 2. The administrator to manage the shareholder register and the location of its office shall be selected by resolution of the Board of Directors <u>or by decision of a Director delegated by the Board of Directors</u>, and public notice thereof shall be given.
<p>(Record Date) Article 13</p> <ol style="list-style-type: none"> 1. (Omitted) 2. Unless otherwise provided in the preceding paragraph or elsewhere in these Articles of Incorporation, <u>in the event that it is necessary</u>, the Company may, upon giving prior public notice, deem the shareholders or registered share pledgees whose names have been entered or recorded in the latest register of shareholders as of a certain date as the shareholders or registered share pledgees entitled to exercise their rights. 	<p>(Record Date) Article 13</p> <ol style="list-style-type: none"> 1. (Unchanged) 2. Unless otherwise provided in the preceding paragraph or elsewhere in these Articles of Incorporation, <u>if necessary</u>, the Company may, upon giving prior public notice, deem the shareholders or registered share pledgees whose names have been entered or recorded in the latest register of shareholders as of a certain date as the shareholders or registered share pledgees entitled to exercise their rights.

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">CHAPTER III GENERAL MEETING OF SHAREHOLDERS</p> <p>(Convocation and Person with Right to Convene) Article 14</p> <p>1. An ordinary general meeting of shareholders of the Company shall be convened in June each year and an extraordinary general meeting of shareholders shall be convened as required <u>in the event that it is necessary to do so.</u></p> <p>2. (Omitted)</p>	<p style="text-align: center;">CHAPTER III GENERAL MEETING OF SHAREHOLDERS</p> <p>(Convocation and Person with Right to Convene) Article 14</p> <p>1. An ordinary general meeting of shareholders of the Company shall be convened in June each year and an extraordinary general meeting of shareholders shall be convened as required <u>if it is necessary to do so.</u></p> <p>2. (Unchanged)</p>
<p style="text-align: center;">CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS</p> <p>(Number of Directors) Article 21 The number of Directors shall not exceed <u>thirteen (13).</u></p> <p>2. (Newly established)</p>	<p style="text-align: center;">CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS</p> <p>(Number of Directors) Article 21</p> <p>1. <u>The number of Directors (excluding Directors who are Audit and Supervisory Committee Members) shall not exceed ten (10).</u></p> <p>2. <u>The number of Directors who are Audit and Supervisory Committee Members (hereinafter, "Audit and Supervisory Committee Members") shall not exceed five (5).</u></p>
<p>(Election of Directors) Article 22</p> <p>1. Directors shall be elected by resolutions of a general meeting of shareholders.</p> <p>2. (Omitted)</p> <p>3. (Omitted)</p>	<p>(Election of Directors) Article 22</p> <p>1. Directors shall be elected by resolutions of a general meeting of shareholders, <u>distinguishing between Audit and Supervisory Committee Members and other Directors.</u></p> <p>2. (Unchanged)</p> <p>3. (Unchanged)</p>
<p>(Terms of Office of Directors) Article 24 The term of office of Directors shall expire at the conclusion of the Annual General Meeting of Shareholders for the fiscal year that ends within one (1) year of their election.</p> <p>2. (Newly established)</p>	<p>(Terms of Office of Directors) Article 24</p> <p>1. The term of office of Directors <u>(excluding Directors who are Audit and Supervisory Committee Members)</u> shall expire at the conclusion of the Annual General Meeting of Shareholders for the fiscal year that ends within one (1) year of their election.</p> <p>2. <u>The term of office of Audit and Supervisory Committee Members shall expire at the conclusion of the annual general meeting of shareholders for the final fiscal year that ends within two (2) years of their election.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>3 (Newly established)</p> <p>4. (Newly established)</p> <p><u>(Directors with Special Titles)</u> <u>Article 25</u> <u>1. The Board of Directors shall, by its resolution, appoint one (1) President-Director</u> <u>2. Director and President shall oversee the Company’s operations in accordance with the resolutions of the Board of Directors.</u></p> <p><u>(Representative Directors)</u> <u>Article 26</u> <u>1. The Board of Directors shall, by its resolution, appoint the Representative Directors.</u></p> <p><u>2. The President-Director shall represent the Company.</u></p> <p><u>3. In addition to the preceding paragraph, the Board of Directors may, by its resolution, specify Directors to represent the Company from among the Directors as required.</u></p> <p>(Newly established)</p>	<p><u>3. The term of office of an Audit and Supervisory Committee Member elected to fill a vacancy caused by the departure of an Audit and Supervisory Committee Member prior to the expiry of such Audit and Supervisory Committee Member’s term of office shall expire at the time the term of office of the departing Audit and Supervisory Committee Member expires.</u></p> <p><u>4. The effective period of a resolution for the election of a substitute Audit and Supervisory Committee Member pursuant to Article 329, Paragraph 3 of the Companies Act shall be until the commencement of the annual general meeting of shareholders for the final fiscal year that ends within two (2) years of their election, unless shortened by such resolution.</u></p> <p>(Deleted)</p> <p><u>(Representative Directors and Directors with Special Titles)</u> <u>Article 25</u> <u>1. The Board of Directors shall, by its resolution, appoint the Representative Directors from among the Directors (excluding Directors who are Audit and Supervisory Committee Members).</u> <u>2. The Board of Directors shall, by its resolution, appoint one (1) Director and President from among the Directors (excluding Directors who are Audit and Supervisory Committee Members).</u> <u>3. The Board of Directors may, by its resolution, appoint one (1) Director and Chairperson from among the Directors (excluding Directors who are Audit and Supervisory Committee Members). In the event that a Director and Chairperson is appointed, “Director and President” in Articles 14, 16, 27, and 28 of these Articles of Incorporation shall be read as “Director and Chairperson”</u> <u>4. Director and President shall oversee the Company’s operations in accordance with the resolutions of the Board of Directors. In the event that a Director and Chairperson is appointed, the Director and Chairperson shall oversee the Company’s operations, and the Director and President shall control the execution of the Company’s operations.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p><u>(Chairperson)</u> <u>Article 27</u> 1. <u>The Board of Directors shall, by its resolution, appoint one (1) Director and Chairperson</u> 2. <u>The Director and Chairperson shall represent the Company.</u> 3. <u>In the event that a Director and Chairperson is appointed, the Director and Chairperson shall oversee the Company’s operations, and the Director and President shall control the execution of the Company’s operations.</u> 4. <u>In the event that a Director and Chairperson is appointed, “Director and President” in Articles 14, 16, 29, and 30 of these Articles of Incorporation shall be read as “Director and Chairperson.”</u></p>	<p>(Deleted)</p>
<p>Article <u>28</u> to (Omitted)</p>	<p>Article <u>26</u> to (Unchanged)</p>
<p>Article <u>29</u> <u>(Person with Right to Convene Board of Director Meetings and Notice of Convocation of Board of Director Meetings)</u> Article <u>30</u> 1. (Omitted) 2. The notice of convocation for Board of Directors meetings shall be delivered to each Director <u>and each Corporate Auditor</u> at least <u>five (5) days</u> in advance; provided, however, that such period of advance notice may be shortened in case of an emergency. 3. Board of Directors meetings may be convened without the Company’s convocation procedures with the unanimous consent of the Directors <u>and Corporate Auditors.</u></p>	<p>Article <u>27</u> (Convocation of Board of Director Meetings) Article <u>28</u> 1. (Unchanged) 2. The notice of convocation for Board of Directors meetings shall be delivered to each Director at least <u>three (3) days</u> in advance; provided, however, that such period of advance notice may be shortened in case of an emergency. 3. Board of Directors meetings may be convened without the Company’s convocation procedures with the unanimous consent of the Directors.</p>
<p>(Method of Resolution of Board of Directors) Article <u>31</u>. A resolution of the Board of Directors shall be adopted by a majority of the votes at a meeting of Board of Directors at which a majority of the total number of the directors are present.</p>	<p>(Method of Resolution of Board of Directors) Article <u>29</u>. A resolution of the Board of Directors shall be adopted by a majority of the votes at a meeting of the Board of Directors at which a majority of the total number of the Directors <u>who are entitled to take part in the resolution</u> are present.</p>

Current Articles of Incorporation	Proposed Amendments
<p>(Omission of Resolution of the Board of Directors)</p> <p>Article <u>32</u>. In the event that a Director submits a proposal regarding a matter that is the subject of a resolution by the Board of Directors, and <u>in the event that</u> all of the Directors indicate their consent to the said proposal, either in writing or in electronic form, the Company shall deem such proposal as having been approved by the Board of Directors; provided however, that this shall not be the case <u>if a Corporate Auditor has indicated opposition to such proposal.</u></p> <p style="text-align: center;">(Newly established)</p>	<p>(Omission of Resolution of the Board of Directors)</p> <p>Article <u>30</u>. In the event that a Director submits a proposal regarding a matter that is the subject of a resolution by the Board of Directors, and <u>if</u> all of the Directors (<u>limited to those Directors who are entitled to take part in the resolution</u>) indicate their consent to the said proposal, either in writing or in electronic form, the Company shall deem such proposal as having been approved by the Board of Directors.</p> <p><u>(Delegation of Decisions on the Execution of Operations to Directors)</u></p> <p>Article <u>31</u>. Pursuant to the provisions of Article <u>399-13, Paragraph 6 of the Companies Act, the Company may, by resolution of the Board of Directors, delegate to Directors all or part of the decisions on the execution of important operations (excluding matters listed in the items of Article 399-13, Paragraph 5 the Act).</u></p>
<p>(Minutes of Meetings of the Board of Directors)</p> <p>Article <u>33</u>. An outline of the proceedings of the meeting of the Board of Directors, its results, and other matters prescribed by laws and regulations shall be stated or recorded in the minutes, to which the Directors <u>and Corporate Auditors</u> present shall put their names and affix their seals or electronic signatures.</p>	<p>(Minutes of Meetings of the Board of Directors)</p> <p>Article <u>32</u>. An outline of the proceedings of the meeting of the Board of Directors, its results, and other matters prescribed by laws and regulations shall be stated or recorded in the minutes, to which the Directors present shall put their names and affix their seals or electronic signatures.</p>
<p>Article <u>34</u>. (Omitted)</p>	<p>Article <u>33</u>. (Unchanged)</p>
<p>(Remuneration, etc. for Directors)</p> <p>Article <u>35</u>. Remuneration, bonuses, and other economic benefits received from the Company as consideration for the execution of duties (hereinafter, "remuneration, etc.") shall be decided by resolution of a general meeting of shareholders.</p>	<p>(Remuneration, etc. for Directors)</p> <p>Article <u>34</u>. Remuneration, bonuses, and other economic benefits received from the Company as consideration for the execution of duties (hereinafter, "remuneration, etc.") shall be decided by resolution of a general meeting of shareholders, <u>distinguishing between Audit and Supervisory Committee Members and other Directors.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>Article <u>36</u>. (Omitted)</p> <p>(Limited Liability Agreement with Directors)</p> <p>Article <u>37</u>. The Company may enter into agreements with Directors (excluding those who are Executive Directors etc.) <u>based on the provisions of Article 427, Paragraph 1 of the Companies Act regarding the liability of such Directors under Article 423, Paragraph 1 of the Companies Act, if such Directors have acted in good faith and without gross negligence in the performance of their duties;</u> provided, however, that the maximum amount of their liability for compensation under such agreements shall be the minimum liability amount prescribed by laws or regulations.</p>	<p>Article <u>35</u>. (Unchanged)</p> <p>(Limited Liability Agreement with Directors)</p> <p>Article <u>36</u>. <u>In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act,</u> the Company may enter into agreements with Directors (excluding those who are Executive Directors, etc.) <u>to limit</u> the liability of such Directors under Article 423, Paragraph 1 of <u>the Act;</u> provided, however, that the maximum amount of their liability for compensation under such agreements shall be the minimum liability amount prescribed by laws or regulations.</p>
<p><u>CHAPTER V CORPORATE AUDITORS AND BOARD OF CORPORATE AUDITORS</u></p>	<p>(Deleted)</p>
<p><u>(Number of Corporate Auditors)</u></p>	<p>(Deleted)</p>
<p>Article 38</p> <p><u>1. The number of Corporate Auditors shall not exceed five (5).</u></p>	
<p><u>(Election of Corporate Auditors)</u></p>	<p>(Deleted)</p>
<p>Article 39</p> <p><u>1. Corporate Auditors shall be elected by resolution of a General Meeting of Shareholders.</u></p> <p><u>2. To adopt a resolution for election of Corporate Auditors, shareholders who aggregately hold one-third (1/3) or more of the voting rights of all shareholders who are entitled to exercise voting rights shall be present, and such a resolution shall be adopted by a majority of the voting rights of such shareholders present.</u></p>	
<p><u>(Dismissal of Corporate Auditors)</u></p> <p>Article 40 <u>To adopt a resolution for the dismissal of Corporate Auditors, shareholders who aggregately hold a majority of the voting rights of all shareholders who are entitled to exercise voting rights shall be present, and such a resolution shall be adopted by a two-thirds (2/3) majority of the voting rights of such shareholders present.</u></p>	<p>(Deleted)</p>

Current Articles of Incorporation	Proposed Amendments
<p><u>(Term of Office of Corporate Auditors)</u></p> <p><u>Article 41.</u></p> <ol style="list-style-type: none"> <u>1. The term of office of Corporate Auditors shall expire at the close of the annual general meeting of shareholders for the final fiscal year that ends within four (4) years of their election.</u> <u>2. The term of office of a Corporate Auditor elected to fill a vacancy caused by the departure of a Corporate Auditor prior to the expiry of such Corporate Auditor's term of office shall expire at the time the term of office of the departing Corporate Auditor expires.</u> <u>3. The effective period of a resolution for the election of a substitute Corporate Auditor pursuant to Article 329, Paragraph 3 of the Companies Act shall be until the conclusion of the annual general meeting of shareholders for the final fiscal year that ends within four (4) years of their election.</u> <u>4. The term of office of a substitute Corporate Auditor who has assumed the office of Corporate Auditor pursuant to the previous paragraph shall expire at the time the term of office of the departing Corporate Auditor expires; provided however, that it shall not exceed the conclusion of the annual general meeting of shareholders for the final fiscal year that ends within four (4) years of his or her election.</u> 	<p>(Deleted)</p>
<p><u>(Full-time Corporate Auditors and Standing Corporate Auditors)</u></p> <p><u>Article 42.</u></p> <ol style="list-style-type: none"> <u>1. The Board of Corporate Auditors shall, by its resolution, designate Full-time Corporate Auditors from among the Corporate Auditors.</u> <u>2. The Board of Corporate Auditors may, by its resolution, designate Standing Corporate Auditors from among the Corporate Auditors.</u> 	<p>(Deleted)</p>
<p><u>(Notice of Convocation of Board of Corporate Auditors Meetings)</u></p> <p><u>Article 43.</u></p> <ol style="list-style-type: none"> <u>1. The notice of convocation for Board of Corporate Auditors meetings shall be delivered to each Corporate Auditor at least five (5) days in advance; provided, however, that such period of advance notice may be shortened in case of an emergency.</u> <u>2. Board of Corporate Auditors meetings may be convened without convocation procedures with the unanimous consent of the Corporate Auditors.</u> 	<p>(Deleted)</p>

Current Articles of Incorporation	Proposed Amendments
<p><u>(Method of Resolution of Board of Corporate Auditors)</u> <u>Article 44. A resolution of the Board of Corporate Auditors shall be adopted by a majority of the votes of the Corporate Auditors, unless otherwise provided in laws and regulations.</u></p>	(Deleted)
<p><u>(Minutes of Meetings of the Board of Corporate Auditors)</u> <u>Article 45. An outline of the proceedings of the meeting of the Board of Corporate Auditors, its results, and other matters prescribed by laws and regulations shall be stated or recorded in the minutes, to which the Corporate Auditors present shall put their names and affix their seals or electronic signatures.</u></p>	(Deleted)
<p><u>(Rules of the Board of Corporate Auditors)</u> <u>Article 46 Matters concerning the Board of Corporate Auditors shall be governed by the Rules of the Board of Corporate Auditors, in addition to the provisions of laws and regulations and these Articles of Incorporation.</u></p>	(Deleted)
<p><u>(Remuneration, etc. for the Board of Corporate Auditors)</u> <u>Article 47 Remuneration, etc. for the Board of Corporate Auditors shall be decided by resolution of a general meeting of shareholders.</u></p>	(Deleted)
<p><u>(Exemption of Liability of Corporate Auditors)</u> <u>Article 48 The Company may, based on a resolution of the Board of Directors, exempt Corporate Auditors from liability under Article 423, Paragraph 1 of the Companies Act within the maximum amount prescribed by laws and regulations, if such Corporate Auditors have acted in good faith and without gross negligence in the performance of their duties.</u></p>	(Deleted)
<p><u>(Limited Liability Agreement with Corporate Auditors)</u> <u>Article 49. The Company may enter into agreements with Corporate Auditors based on the provisions of Article 427, Paragraph 1 of the Companies Act regarding the liability of such Corporate Auditors under Article 423, Paragraph 1 of the Companies Act, if such Corporate Auditors have acted in good faith and without gross negligence in the performance of their duties; provided, however, that the maximum amount of their liability for compensation under such agreements shall be the minimum liability amount prescribed by laws or regulations.</u></p>	(Deleted)

Current Articles of Incorporation	Proposed Amendments
(Newly established)	<u>CHAPTER V AUDIT AND SUPERVISORY COMMITTEE MEMBERS</u>
(Newly established)	<u>(Full-time Audit and Supervisory Committee Members)</u> <u>Article 37 The Board of Corporate Auditors may, by its resolution, designate Full-time Audit and Supervisory Committee Members from among the Audit and Supervisory Committee Members.</u>
(Newly established)	<u>(Notice of Convocation of Audit and Supervisory Committee Meetings)</u> <u>Article 38.</u> <u>1. The notice of convocation for Audit and Supervisory Committee meetings shall be delivered to each Audit and Supervisory Committee Member at least three (3) days in advance; provided, however, that such period of advance notice may be shortened in case of an emergency.</u>
(Newly established)	<u>2. Audit and Supervisory Committee meetings may be convened without convocation procedures with the unanimous consent of the Corporate Auditors.</u>
(Newly established)	<u>(Method of Resolution of Board of Corporate Auditors)</u> <u>Article 39. A resolution of the Audit and Supervisory Committee shall be adopted by a majority of the votes of the Audit and Supervisory Committee Members at which a majority of the total number of the Audit and Supervisory Committee Members who are entitled to take part in the resolution are present.</u>
(Newly established)	<u>(Minutes of Meetings of the Board of Corporate Auditors)</u> <u>Article 40. An outline of the proceedings of the meeting of Audit and Supervisory Committee, its results, and other matters prescribed by laws and regulations shall be stated or recorded in the minutes, to which the Audit and Supervisory Committee Members present shall put their names and affix their seals or electronic signatures.</u>
(Newly established)	<u>(Rules of the Audit and Supervisory Committee)</u> <u>Article 41 Matters concerning the Audit and Supervisory Committee shall be governed by the Rules of the Audit and Supervisory Committee, in addition to the provisions of laws and regulations and these Articles of Incorporation.</u>

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">CHAPTER VI ACCOUNTING AUDITOR</p> <p>Article <u>50</u></p> <p>to (Omitted)</p> <p>Article <u>51</u></p> <p>(Remuneration, etc. of Accounting Auditor)</p> <p>Article <u>52</u> Remuneration, etc. of the Accounting Auditor shall be determined by the Representative Directors with the consent of the <u>Board of Corporate Auditors</u>.</p> <p>(Limited Liability Agreement with Accounting Auditors)</p> <p>Article <u>53</u>. The Company may enter an agreement into with the Accounting Auditor <u>based on the provisions of Article 427, Paragraph 1 of the Companies Act</u> limiting the liability of the Accounting Auditor under Article 423, Paragraph 1 of the <u>Companies Act</u>, <u>when the Accounting Auditor has acted in good faith and without gross negligence in the performance of their duties</u>; provided, however, that the maximum amount of their liability for compensation under such agreement shall be the minimum liability amount prescribed by laws or regulations.</p>	<p style="text-align: center;">CHAPTER VI ACCOUNTING AUDITOR</p> <p>Article <u>42</u></p> <p>to (Unchanged)</p> <p>Article <u>43</u></p> <p>(Remuneration, etc. of Accounting Auditor)</p> <p>Article <u>44</u> Remuneration, etc. of the Accounting Auditor shall be determined by the Representative Directors with the consent of the <u>Audit and Supervisory Committee</u>.</p> <p>(Limited Liability Agreement with Accounting Auditors)</p> <p>Article <u>45</u>. <u>In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act</u>, the Company may enter into an agreement with the Accounting Auditor <u>to limit</u> the liability of the Accounting Auditor under Article 423, Paragraph 1 of the <u>Act</u>; provided, however, that the maximum amount of its liability for compensation under such agreement shall be the minimum liability amount prescribed by laws or regulations.</p>
<p style="text-align: center;">CHAPTER VII ACCOUNTING</p> <p>Article <u>54</u></p> <p>to (Omitted)</p> <p>Article <u>57</u></p> <p>(Newly established)</p>	<p style="text-align: center;">CHAPTER VI ACCOUNTING</p> <p>Article <u>46</u></p> <p>to (Unchanged)</p> <p>Article <u>49</u></p> <p><u>Supplementary Provisions</u></p> <p><u>(Transitional Measure Regarding Exemption from Liability of Corporate Auditors)</u></p> <p>1. <u>The Company may, by resolution of the Board of Directors, exempt Corporate Auditors (including former Corporate Auditors) from liability for damages compensation under Article 423, Paragraph 1 of the Companies Act in relation to acts conducted before the conclusion of the 107th annual general meeting of shareholders within the limits stipulated by laws and regulations.</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p data-bbox="815 210 1388 528"><u>2. Agreements limiting liability for damages compensation under Article 423, Paragraph 1 of the Companies Act in relation to acts conducted before the close of the 107th Annual General Meeting of Shareholders shall remain in accordance with Article 49 of the Articles of Incorporation prior to the amendments that take effect from the conclusion of the aforementioned annual general meeting of shareholders.</u></p>

Proposal 3: Election of 7 Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

When Proposal 2: Partial Amendments to the Articles of Incorporation is approved and passed, the Company will transition to a company with an audit and supervisory committee, and the terms of office of all Directors (11 persons) will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the Company proposes the election of 7 Directors (excluding Directors who are Audit & Supervisory Committee Members).

This proposal will take effect when Proposal 2: Partial Amendments to the Articles of Incorporation comes into effect.

Furthermore, the candidates for Directors (excluding Directors who are Audit & Supervisory Committee Members) have been selected after deliberations by the Nomination Advisory Committee, which is comprised of a majority of Independent Directors/Auditors.

The candidates for Directors (excluding Directors who are Audit & Supervisory Committee Members) are as follows.

Candidate No.	Name		Current positions and responsibilities at the Company	Status of attendance at Board of Directors Meetings
1	SAKOTANI Akira	Reelection	Representative Director and Chairperson	13/13 (100%)
2	SHIGETO Takafumi	Reelection	Representative Director and President	11/11 (100%)
3	UENO Kiyofumi	Reelection	Representative Director and Executive Vice President Overall Operations and in charge of Sales Division; in charge of Examination Department; in charge of Safety, Sanitation, Quality, and Environmental Department; in charge of Purchasing Department	13/13 (100%)
4	INAMOTO Nobuhide	Reelection Outside Independent	Director (Outside Director)	13/13 (100%)
5	YORINO Naoto	Reelection Outside Independent	Director (Outside Director)	13/13 (100%)
6	EKUNI Shigeki	Reelection Outside Independent	Director (Outside Director)	13/13 (100%)
7	MURATA Haruko	Reelection Outside Independent	Director (Outside Director)	13/13 (100%)

1 SAKOTANI Akira (Born October 10, 1951)

Reelection

Past experience, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held:
Jun. 2013	Managing Director; Deputy Head, Power Generation Division; Head, Kaminoseki Nuclear Power Plant Siting Project, The Chugoku Electric Power Company, Incorporated	21,400 shares
Jun. 2015	Representative Director and Vice President; Deputy Head, Power Generation Division; Head, Kaminoseki Nuclear Power Plant Siting Project	
Apr. 2016	Representative Director and Vice President; Head, Power Generation Division; Head, Kaminoseki Nuclear Power Plant Siting Project	
Jun. 2016	Representative Director and Vice President & Executive Officer; Head, Power Generation Division	
Jun. 2018	Representative Director and President, the Company	
Jun. 2022	Representative Director and Chairperson (current position)	

Significant concurrent positions: Outside Director, Hiroshima Sohgo Security Services Co., Ltd.
Chairperson, Hiroshima Electrical Association

Reasons for selection as a candidate for Director

As the CEO of the Company, he has presided over the Company's operations with strong leadership and judgment. Moreover, he has a wealth of experience and achievements as a business manager, and has appropriately fulfilled the role of monitoring and supervising business execution. Accordingly, the Company has continued to select him as a candidate for Director.

2 SHIGETO Takafumi (Born March 23, 1957)

Reelection

Past experience, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held:
Jun. 2017	Director; Managing Executive Officer; Head, Compliance Promotion Division; Head, Property Management Division, The Chugoku Electric Power Company, Incorporated	7,500 shares
Oct. 2017	Director; Managing Executive Officer; Head, Compliance Promotion Division; Head, Examination Division; Head, Property Management Division	
Jun. 2019	Outside Corporate Auditor, the Company	
Jun. 2019	Director; Managing Executive Officer; Head, Regional Co-creation Division, The Chugoku Electric Power Company, Incorporated	
Jun. 2020	Representative Director and Vice President & Executive Officer; in charge of personnel development; Head, Purchasing Division; Head, Nuclear Power Plant Reinforcement Project	
Jun. 2022	Representative Director and President, the Company (current position)	

Reasons for selection as a candidate for Director

As the COO of the Company, he has made timely and accurate decisions on important business execution and policies, and has steadily promoted them. Moreover, he has a wealth of experience and achievements as a business manager, and has appropriately fulfilled the role of monitoring and supervising business execution. Accordingly, the Company has continued to select him as a candidate for Director.

3 UENO Kiyofumi (Born February 26, 1957)

Reelection

Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held:
Apr. 1975 Joined the Company	10,600 shares
Jun. 2015 Executive Officer and General Manager, Sales Department, Sales Division	
Jun. 2016 Managing Executive Officer and General Manager, Tokyo Headquarters	
Jun. 2019 Director, Managing Executive Officer, and General Manager, Engineering Division; Responsible for Tokyo Headquarters	
Jun. 2020 Director, Senior Managing Executive Officer, and General Manager, Engineering Division; Responsible for Tokyo Headquarters	
Jun. 2021 Representative Director, Senior Managing Executive Officer, and General Manager, Engineering Division; Responsible for Tokyo Headquarters	
Jun. 2022 Representative Director, Executive Vice President, Overall Operations, and in charge of Sales Division; in charge of Examination Department; in charge of Safety, Sanitation, Quality, and Environmental Department; in charge of Purchasing Department (current position)	

Reasons for selection as a candidate for Director

He has a wealth of experience and achievements, including experience in the Company's engineering and sales fields and serving as the head of a business office, and is currently overseeing business execution to achieve the goals of each field as the Executive Vice President. Moreover, as a Director, he has appropriately fulfilled the roles of decision-making, monitoring and supervision of important business execution. Accordingly, the Company has continued to select him as a candidate for Director.

4 INAMOTO Nobuhide (Born November 10, 1953)

Reelection	Outside
Independent	

Past experience, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held:
Jun. 2001	Director and General Manager, Business Logistics Division, Mazda Motor Corporation	700 shares
Mar. 2002	Director and General Manager, Production Engineering Division	Term of office as Outside Director: 3 years
Jun. 2002	Executive Officer and General Manager, Production Engineering Division	
Jun. 2003	Executive Officer and General Manager, Quality Division	(At the conclusion of this General Meeting of Shareholders)
Apr. 2007	Managing Executive Officer and in charge of Quality Assurance and Environment	
Apr. 2008	Managing Executive Officer and General Manager, Domestic Business Division	Status of attendance at Board of Directors Meetings in the 107th fiscal year (FY2022)
Nov. 2008	Managing Executive Officer, in charge of Domestic Business, and General Manager, Domestic Business Division	
Apr. 2011	Managing Executive Officer and in charge of Domestic Business and Fleet Sales	(since his appointment): 100% (13/13)
Jun. 2012	Managing Executive Officer and in charge of Domestic Business, Fleet Sales, and Customer Service	
Jun. 2013	Director, Senior Managing Executive Officer, oversight of Operations in China, Domestic Sales, Fleet Sales No. 1, and Chairperson, Mazda Motor (China) Co., Ltd.	
Jun. 2015	Director, Senior Managing Executive Officer, oversight of Operations in China, Domestic Sales, Fleet Sales No. 1, in charge of Global Auditing, and Chairman, Mazda Motor (China) Co., Ltd	
Apr. 2016	Director, Senior Managing Executive Officer, oversight of Operations in China, Domestic Sales and Fleet Sales, and in charge of Global Auditing	
Apr. 2017	Director, Senior Managing Executive Officer, and oversight of Operations in China, Domestic Sales and Fleet Sales	
Jun. 2019	Special Advisor	
Jun. 2020	Outside Director, the Company (current position)	

Reasons for selection as a candidate for Outside Director and outline of expected role

By utilizing his high level of insight based on a wealth of experience as a business manager of Mazda Motor Corporation, he has provided remarks from an independent and fair standpoint at Board of Directors Meetings and has appropriately fulfilled his role in monitoring and supervising business execution, as well as provided advice from an objective perspective at the Nomination Advisory Committee and the Remuneration Advisory Committee. The Company believes that we can expect that he will continue to fulfill these roles and has continued to select him as a candidate for Outside Director.

Views on independence

He satisfies the “Criteria for Assessing Independence” of the Company, and the Company has determined that he possesses independence.

He was a business executive at Mazda Motor Corporation until June 2019. Although there are transactional relationships such as facilities construction between the Company and Mazda Motor Corporation, the amount of transactions in the previous fiscal year of the Company is insignificant at less than 1% of consolidated sales.

5 YORINO Naoto (Born January 24, 1958)

Reelection	Outside
Independent	

Past experience, positions, responsibilities, and significant concurrent positions	
Apr. 1983	Joined Fuji Electric Manufacturing Co., Ltd.
Apr. 1985	Research Assistant, School of Science and Engineering, Waseda University
Apr. 1987	Research Associate, School of Engineering, Hiroshima University
Jun. 1990	Associate Professor, School of Engineering
Apr. 1991	Visiting Researcher, McGill University, Canada
Apr. 2005	Professor, Graduate School of Engineering, Hiroshima University
Apr. 2009	Vice-Dean, Graduate School of Engineering
Apr. 2019	Vice-Dean, Graduate School of Engineering, and Vice-Dean, School of Engineering
Apr. 2020	Professor, Graduate School of Advanced Science and Engineering
Jun. 2021	Outside Director, the Company (current position)
Apr. 2022	President, National Institute of Technology (KOSEN), Kure College (current position)
Apr. 2022	Specially Appointed Professor and Honorary Professor, Graduate School of Advanced Science and Engineering, Hiroshima University (current position)
	Number of shares of the Company held: 100 shares
	Term of office as Outside Director: 2 years (At the conclusion of this General Meeting of Shareholders)
	Status of attendance at Board of Directors Meetings in the 107th fiscal year (FY2022) (since his appointment): 100% (13/13)

Significant concurrent positions: President, National Institute of Technology (KOSEN), Kure College
Specially Appointed Professor and Honorary Professor, Graduate School of Advanced Science and Engineering, Hiroshima University

Reasons for selection as a candidate for Outside Director and outline of expected role

Although he has not been involved in corporate management other than through serving as an Outside Director, he has provided remarks from an independent and fair standpoint at Board of Directors Meetings and has appropriately fulfilled his role in monitoring and supervising business execution. He also has provided advice from an objective perspective at the Nomination Advisory Committee and the Remuneration Advisory Committee by utilizing his many years of experience as a graduate school professor, etc. and high level of insight based on his expertise in the field of power system engineering. The Company believes that we can expect that he will continue to fulfill these roles and has continued to select him as a candidate for Outside Director.

Views on independence

He satisfies the “Criteria for Assessing Independence” of the Company, and the Company has determined that he possesses independence.

He is the President of National Institute of Technology (KOSEN), Kure College. There is no transactional relationship between the Company and National Institute of Technology (KOSEN), Kure College.

He is specially appointed professor and honorary professor at Hiroshima University Graduate School. Although there are transactional relationships such as facilities construction between the Company and Hiroshima University, the amount of transactions in the previous fiscal year of the Company is insignificant at less than 1% of consolidated sales. In addition, although the Company has sent its employees to Hiroshima University and paid tuition fees, the amount of transactions in the previous fiscal year of the Company is insignificant at less than 1% of selling, general and administrative expenses.

6 EKUNI Shigeki (Born October 9, 1960)

Reelection	Outside
Independent	

Past experience, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held: 700 shares
Mar. 2012	Executive Officer and in charge of Corporate Planning Group, Head Office Administration Division, Tenmaya Co., Ltd.	----- Term of office as Outside Director: 2 years
May 2013	Director and in charge of Corporate Planning Group, Administration Division	(At the conclusion of this General Meeting of Shareholders)
Apr. 2014	Director and General Manager, Corporate Planning Division	Status of attendance at Board of Directors Meetings in the 107th fiscal year (FY2022) (since his appointment): 100% (13/13)
Jan. 2016	Director, General Manager, Sales Division, and Manager, Okayama Main Store	-----
Feb. 2017	Director, General Manager, Department Store Business Division, and Manager, Okayama Main Store	
May 2017	Managing Director, General Manager, Department Store Business Division, and Manager, Okayama Main Store	
Dec. 2017	Representative Director and President, General Manager, Department Store Business Division	
Feb. 2019	Representative Director and President, General Manager, Department Store Business Division, and General Manager, Corporate Division	
Jun. 2021	Outside Director, the Company (current position)	
Apr. 2022	Director, Tenmaya Co., Ltd. (current position)	

Significant concurrent positions: Director, Tenmaya Co., Ltd.

Reasons for selection as a candidate for Outside Director and outline of expected role

He has provided remarks from an independent and fair standpoint at Board of Directors Meetings and has appropriately fulfilled his role in monitoring and supervising business execution. He also has provided advice from an objective perspective at the Nomination Advisory Committee and the Remuneration Advisory Committee by utilizing his high level of insight based on a wealth of experience as a business manager of Tenmaya Co., Ltd. The Company believes that we can expect that he will continue to fulfill these roles and has continued to select him as a candidate for Outside Director.

Views on independence

He satisfies the “Criteria for Assessing Independence” of the Company, and the Company has determined that he possesses independence.

He is a director at Tenmaya Co., Ltd. Although there are transactional relationships such as facilities construction between the Company and Tenmaya Co., Ltd., the amount of transactions in the previous fiscal year of the Company is insignificant at less than 1% of consolidated sales. In addition, although there is a transactional relationship for the purchase of goods between the Company and Tenmaya Co., Ltd., the amount of transactions in the previous fiscal year of the Company is insignificant at less than 1% of cost of sales and selling, general and administrative expenses.

7 MURATA Haruko (Born April 18, 1968)

Reelection Outside
Independent

Past experience, positions, responsibilities, and significant concurrent positions	
Apr. 1989 Joined TOTO KIKI LTD. (currently TOTO LTD.)	Number of shares of the Company held: 900 shares
Nov. 1992 Joined Kagawa Gakuen	-----
Jul. 2011 Joined AYUMI Audit Corporation	Term of office as Outside Director:
Aug. 2012 Registered as Certified Public Accountant	2 years
Nov. 2012 Registered as Certified Public Tax Accountant	(At the conclusion of this General Meeting of Shareholders)
Dec. 2012 Founded Murata Haruko Accounting Firm (Representative of said Firm) (current position)	-----
Jul. 2017 Partner, Choshu Audit Corporation	Status of attendance at Board of Directors Meetings in the 107th fiscal year (FY2022)
Jun. 2021 External Director, DaikyoNishikawa Corporation (current position)	(since her appointment):
Jun. 2021 Outside Director, the Company (current position)	100% (13/13)

Significant concurrent positions: Certified Public Accountant and Certified Public Tax Accountant
Representative, Murata Haruko Accounting Firm
External Director, DaikyoNishikawa Corporation

Reasons for selection as a candidate for Outside Director and outline of expected role

Although she has not been involved in corporate management other than by becoming an Outside Director, she has provided remarks from an independent and fair standpoint at Board of Directors Meetings and has appropriately fulfilled her role in monitoring and supervising business execution, as well as provided advice from an objective perspective at the Nomination Advisory Committee and the Remuneration Advisory Committee by utilizing her wealth of experience as a certified public accountant and certified public tax accountant, high level of insight based on her expertise in accounting and tax affairs, and her wealth of knowledge of corporate management obtained through the acquisition of a Master of Business Administration (MBA). The Company believes that we can expect that she will continue to fulfill these roles and has continued to select her as a candidate for Outside Director.

Views on independence

She satisfies the “Criteria for Assessing Independence” of the Company, and the Company has determined that she possesses independence.

She is the representative of Murata Haruko Accounting Firm. There is no transactional relationship between the Company and Murata Haruko Accounting Firm.

She is an External Director at DaikyoNishikawa Corporation. Although there are transactional relationships such as facilities construction between the Company and DaikyoNishikawa Corporation, the amount of transactions in the previous fiscal year of the Company is insignificant at less than 1% of consolidated sales.

- (Notes)
1. There are no special interests between each candidate and the Company.
 2. The number of shares of the Company held for each candidate represents the status as of March 31, 2023.
 3. The Company has entered into a directors and officers liability insurance contract with an insurance company to insure its Directors/Auditors, and the insurance premiums are fully borne by the Company. Said insurance contract covers legal damages and litigation expenses incurred by the insured in the event that a claim for damages is made as a consequence of an act committed by the insured in accordance with his or her position as Director/Auditor of the Company. If the election of each candidate is approved, the candidate will continue to be insured. The insurance contract will be renewed with the same content when the renewal period comes during the term of office of each candidate.
 4. Mr. INAMOTO Nobuhide, Mr. YORINO Naoto, Mr. EKUNI Shigeki, and Ms. MURATA Haruko are candidates for Outside Director.
 5. Matters concerning candidates for Outside Director
 - (1) Conclusion of liability limitation agreements

The Company has currently concluded liability limitation agreement with Mr. INAMOTO Nobuhide, Mr. YORINO Naoto, Mr. EKUNI Shigeki, and Ms. MURATA Haruko who are Outside Directors, and if the election of Mr. INAMOTO Nobuhide, Mr. YORINO Naoto, Mr. EKUNI Shigeki, and Ms. MURATA Haruko is approved, the Company will conclude a new agreement with similar content with each of them. The maximum amount of liability under the said agreement is the minimum liability amount prescribed by laws and regulations.
 - (2) Criteria for Assessing Independence

The Company has set its Criteria for Assessing Independence, which require that candidates satisfy the requirements for Outside Director as stipulated by the Companies Act and the independence criteria based on the listing regulations of the Tokyo Stock Exchange, Inc.
 - (3) Submission of Independent Directors

The Company has registered Mr. INAMOTO Nobuhide, Mr. YORINO Naoto, Mr. EKUNI Shigeki, and Ms. MURATA Haruko as Independent Directors based on the stipulations of the Tokyo Stock Exchange, Inc.

Proposal 4: Election of 4 Directors Who Are Audit & Supervisory Committee Members

When Proposal 2: Partial Amendments to the Articles of Incorporation is approved and passed, the Company will transition to a company with audit and supervisory committee. Accordingly, the Company proposes the election of 4 Directors who are Audit & Supervisory Committee Members.

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

This proposal will take effect when Proposal 2: Partial Amendments to the Articles of Incorporation comes into effect.

Furthermore, the candidates for Directors who are Audit & Supervisory Committee Members have been selected after deliberations by the Nomination Advisory Committee, which is comprised of a majority of Independent Directors/Auditors.

The candidates for Directors who are Audit & Supervisory Committee Members are as follows.

Candidate No.	Name		Current positions and responsibilities at the Company	Status of attendance at Board of Directors Meetings	Status of attendance at Board of Corporate Auditors Meetings
1	OGATA Hidefumi	New	Standing Corporate Auditor	13/13 (100%)	13/13 (100%)
2	IIOKA Kumi	New Outside Independent	Corporate Auditor (Outside Auditor)	13/13 (100%)	13/13 (100%)
3	HIROTA Toru	New Outside Independent	—	—	—
4	YOSHINAGA Hiroyuki	New Outside	—	—	—

1 OGATA Hidefumi (Born May 21, 1957)

New

Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held:
Apr. 1981 Joined the Company	4,400 shares
Jun. 2011 Manager, Secretarial Office, and General Manager, Human Resources Department	
Jun. 2013 Executive Officer, Manager, Secretarial Office, and General Manager, Human Resources Department	
Jun. 2014 Director, Executive Officer, Manager, Secretarial Office, General Manager, General Affairs Department, and in charge of Human Resources	
Jun. 2016 Director, Managing Executive Officer, and General Manager, General Management Division	
Jun. 2019 Standing Corporate Auditor (current position)	
Significant concurrent positions: Corporate Auditor, Hotel Granvia Hiroshima Co., Ltd.	

Reasons for selection as a candidate for Director who is an Audit & Supervisory Committee Member

He has been involved in management as a Director, after having gained experience in the Company's general affairs, human resources, and sales fields. By utilizing such wealth of experience and broad insight, he has appropriately fulfilled his role in auditing Directors' execution of duties as a Corporate Auditor so far. The Company believes that we can expect that he will continue to fulfill these roles and has newly selected him as a candidate for Director who is an Audit & Supervisory Committee Member.

2 IIOKA Kumi (Born August 14, 1958)

New	Outside
Independent	

Past experience, positions, responsibilities, and significant concurrent positions

Apr. 1988 Registered with HIROSHIMA Bar Association
Joined MADOKORO LAW OFFICE

Apr. 1997 Joined Himawari Law Office (current position)

Jun. 2019 Outside Corporate Auditor, the Company (current position)

Number of shares of
the Company held:
900 shares

Term of office as
Outside Corporate
Auditor:
4 years

(At the conclusion of
this General Meeting
of Shareholders)

Status of attendance
at Board of Directors
Meetings in the
107th fiscal year
(FY2022):
100% (13/13)

Status of attendance
at Board of
Corporate Auditors
Meetings in the
107th fiscal year
(FY2022):
100% (13/13)

Significant concurrent positions: Attorney, Himawari Law Office

Reasons for selection as a candidate for Outside Director who is an Audit & Supervisory Committee Member and outline of expected role

Although she has not been involved in corporate management other than by becoming an Outside Director, she has provided remarks from an independent and fair standpoint at Board of Corporate Auditors and Board of Directors Meetings, and has appropriately fulfilled her role in auditing Directors' execution of duties, as well as provided advice from an objective perspective at the Nomination Advisory Committee and the Remuneration Advisory Committee as a Corporate Auditor so far by utilizing her wealth of experience as an attorney and high level of insight based on her expertise in law. The Company believes that we can expect that she will continue to fulfill these roles and has newly selected her as a candidate for Outside Director who is an Audit & Supervisory Committee Member.

Views on independence

She satisfies the "Criteria for Assessing Independence" of the Company, and the Company has determined that she possesses independence.

She is an attorney belongs to Himawari Law Office. There is no transactional relationship between the Company and Himawari Law Office.

3 HIROTA Toru (Born January 8, 1958)

New	Outside
Independent	

Past experience, positions, responsibilities, and significant concurrent positions

Apr. 2010 Executive Officer and General Manager of Imabari Branch, The Hiroshima Bank, Ltd.
Apr. 2012 Managing Executive Officer and General Manager of Imabari Branch
Apr. 2013 Managing Executive Officer and General Manager of Eastern Area Headquarters
Jun. 2015 Director & Senior Managing Executive Officer
May 2020 President, Representative Director and COO, YONDOSHI HOLDINGS INC.
May 2020 Director, F.D.C. PRODUCTS INC.

Number of shares of the Company held:
0 shares

Reasons for selection as a candidate for Outside Director who is an Audit & Supervisory Committee Member and outline of expected role

The Company believes that we can expect that he will provide remarks from an independent and fair standpoint at Board of Audit & Supervisory Committee and Board of Directors Meetings, and appropriately fulfill his role in auditing Directors' execution of duties, as well as provide advice from an objective perspective at the Nomination Advisory Committee and the Remuneration Advisory Committee by utilizing his wealth of experience as a business manager and high level of insight based on his expertise in finance. Accordingly, the Company has newly selected him as a candidate for Outside Director who is an Audit & Supervisory Committee Member.

Views on independence

He satisfies the "Criteria for Assessing Independence" of the Company, and the Company has determined that he possesses independence.

He was a business executive at The Hiroshima Bank, Ltd. until April 2020. Although there are transactional relationships such as facilities construction between the Company and The Hiroshima Bank, Ltd., the amount of transactions in the previous fiscal year of the Company is insignificant at less than 1% of consolidated sales. In addition, although there are transactional relationships such as deposits between the Company and The Hiroshima Bank, Ltd., there is no borrowing from the bank.

He was a business executive at YONDOSHI HOLDINGS INC. and a Director at F.D.C. PRODUCTS INC. until May 2021. There is no transactional relationship between the Company and YONDOSHI HOLDINGS INC. or F.D.C. PRODUCTS INC.

4 YOSHINAGA Hiroyuki (Born June 30, 1962)

New Outside

Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held:
Dec. 2015 Head, Human Resources Revitalization Division (Human Resources Development), The Chugoku Electric Power Company, Incorporated	0 shares
Jun. 2018 Head, Compliance Promotion Division (Secretary)	
Jun. 2020 Executive Officer, Head, Compliance Promotion Division (Secretary)	
Jun. 2022 Executive Officer, Head, Human Resources Revitalization Division (current position)	
Significant concurrent positions: Executive Officer, Head, Human Resources Revitalization Division, The Chugoku Electric Power Company, Incorporated Director and President, EnerGia Smile CO., INC. Representative Director and Chairperson, Hiroshima Labour Standards Association	

Reasons for selection as a candidate for Outside Director who is an Audit & Supervisory Committee Member and outline of expected role

The Company believes that we can expect that he will provide remarks from an objective perspective at Audit & Supervisory Committee and Board of Directors Meetings, and appropriately fulfill his role in auditing Directors' execution of duties by utilizing his high level of insight based on a wealth of experience in the electric power industry. Accordingly, the Company has newly selected him as a candidate for Outside Director who is an Audit & Supervisory Committee Member.

- (Notes)
1. Mr. HIROTA Toru has many years of experience in a financial institution and possesses significant knowledge in finance and accounting.
 2. There are no special interests between each candidate and the Company.
 3. The number of shares of the Company held for each candidate represents the status as of March 31, 2023.
 4. The Company has entered into a directors and officers liability insurance contract with an insurance company to insure its Directors/Auditors, and the insurance premiums are fully borne by the Company. Said insurance contract covers legal damages and litigation expenses incurred by the insured in the event that a claim for damages is made as a consequence of an act committed by the insured in accordance with his or her position as Director/Auditor of the Company. If the election of each candidate is approved, Mr. OGATA Hidefumi and Ms. IIOKA Kumi will continue to be insured, and Mr. HIROTA Toru and Mr. YOSHINAGA Hiroyuki will be newly insured. The insurance contract will be renewed with the same content when the renewal period comes during the term of office of each candidate.
 5. Ms. IIOKA Kumi, Mr. HIROTA Toru, and Mr. YOSHINAGA Hiroyuki are candidates for Outside Director. Mr. YOSHINAGA Hiroyuki is Executive Officer of the Chugoku Electric Power Company, Incorporated, which is a specified related service provider (main business partner) of the Company.
 6. Matters concerning candidates for Outside Director
 - (1) Criteria for Assessing Independence

The Company has set its Criteria for Assessing Independence, which require that candidates satisfy the requirements for Outside Director as stipulated by the Companies Act and the independence criteria based on the listing regulations of the Tokyo Stock Exchange, Inc.
 - (2) Submission of Independent Directors

The Company has registered Ms. IIOKA Kumi and Mr. HIROTA Toru as Independent Directors based on the stipulations of the Tokyo Stock Exchange, Inc.
 7. Conclusion of liability limitation agreements

The Company has currently concluded liability limitation agreement with Mr. OGATA Hidefumi and Ms. IIOKA Kumi who are Corporate Auditors, and if the election of Mr. OGATA Hidefumi and Ms. IIOKA Kumi is approved, the Company will conclude an agreement with similar content with each of them as Directors. If the election of Mr. HIROTA Toru and Mr. YOSHINAGA Hiroyuki is approved, the Company will conclude a new liability limitation agreement with each of them. The maximum amount of liability under the said agreements is the minimum liability amount prescribed by laws and regulations.

<Reference> Composition of officers (scheduled on and after June 27, 2023)

The expertise and experience the Company's Directors possess is as follows.

Name		● Male ○ Female	Expertise and experience						
			Corporate management Management strategy	Engineering Construction Quality	Sales	Legal Governance	Finance Accounting	Human resources & labor Personnel development	Environment
SAKOTANI Akira		●	●	●	●				
SHIGETO Takafumi		●	●			●	●		
UENO Kiyofumi		●		●	●				●
INAMOTO Nobuhide	Independent Outside	●	●	●					●
YORINO Naoto	Independent Outside	●		●				●	●
EKUNI Shigeki	Independent Outside	●	●		●	●			
MURATA Haruko	Independent Outside	○	●				●	●	
OGATA Hidefumi		●			●	●		●	
IIOKA Kumi	Independent Outside	○				●		●	
HIROTA Toru	Independent Outside	●	●			●	●		
YOSHINAGA Hiroyuki	Outside	●			●	●		●	

(Note) The above markers indicate the main areas of expertise and experience possessed by each Director, and do not represent the entirety of the knowledge and experience held by the Director.

Proposal 5: Establishment of Remuneration Amounts for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The amount of remuneration, etc. for Directors of the Company was approved at the 96th Annual General Meeting of Shareholders held on June 27, 2012 as an amount not exceeding 300 million yen per year for basic remuneration (of which the amount for Outside Directors was approved at the 105th Annual General Meeting of Shareholders held on June 24, 2021 as an amount not exceeding 26 million yen per year). Performance-linked remuneration was approved according to the following table at the 101st Annual General Meeting of Shareholders held on June 27, 2017.

- Performance-linked Remuneration (prior to abolition)

Consolidated Operating Profit Level			Remuneration Amount
12.0 billion yen or more			Within 230 million yen
8.0 billion yen or more	—	Less than 12.0 billion yen	Within 190 million yen
6.0 billion yen or more	—	Less than 8.0 billion yen	Within 155 million yen
4.0 billion yen or more	—	Less than 6.0 billion yen	Within 125 million yen
2.0 billion yen or more	—	Less than 4.0 billion yen	Within 80 million yen
1.0 billion yen or more	—	Less than 2.0 billion yen	Within 40 million yen
		Less than 1.0 billion yen	0

If Proposal 2: Partial Amendments to the Articles of Incorporation is approved and passed, the Company will transition to a company with an audit and supervisory committee.

Hence, in line with the transition to a company with an audit and supervisory committee, the Company proposes to abolish the current provisions concerning the amounts of remuneration for Directors and, in consideration of various economic and other circumstances, set new remuneration amounts (basic remuneration and performance-linked remuneration) for Directors (excluding Directors who are Audit and Supervisory Committee Members), as described in 1. below.

If this proposal is approved, to ensure consistency with the approved details, the Company plans to revise the Policy for Determination of Details of Remuneration, etc. for Individual Officers described in “(4) Remuneration, etc. for Directors and Corporate Auditors” under “3. Matters Concerning Corporate Officers” in the Business Report by changing the references to eligible persons from “Directors” to “Directors (excluding Directors who are Audit and Supervisory Committee Members)” by resolution of the Board of Directors meeting after the close of this General Meeting of Shareholders, and from “Corporate Auditors” to “Directors who are Audit and Supervisory Committee Members” in consultation with the Audit and Supervisory Committee Members.

This proposal seeks to provide for a reasonable remuneration category for Directors (excluding Directors who are Audit and Supervisory Committee Members) in accordance with that policy, taking into consideration factors such as the economic situation, the size of the Company, the number of Directors, and the level of remuneration paid at other companies. In addition, the proposal has been deliberated on by the Nomination and Remuneration Committee, the majority of whose members are Independent Officers, and the Company believes its contents to be appropriate.

The Company asks that the specific amounts, timing of payment, and other details of basic remuneration and performance-linked remuneration for individual Directors (excluding Directors who are Audit and Supervisory Committee Members) be entrusted to the Board of Directors.

This proposal shall take effect when Proposal 2: Partial Amendments to the Articles of Incorporation comes into effect.

1. The Company proposes that basic remuneration and performance-linked remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) be set as follows.

(1) Basic remuneration

Not exceeding 210 million yen per year (of which an amount not exceeding 30 million yen per year for Outside Directors)

If Proposal 2: Partial Amendments to the Articles of Incorporation and Proposal 3: Election of 7 Directors (excluding Directors who are Audit and Supervisory Committee Members) are approved and passed as originally proposed, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) will be 7 (including 4 Outside Directors).

(2) Performance-linked Compensation

The Company proposes that performance-linked remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) shall be according to the table below.

If Proposal 2: Partial Amendments to the Articles of Incorporation and Proposal 3: Election of 7 Directors (excluding Directors Who Are Audit and Supervisory Committee Members) are approved and passed as originally proposed, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) will be 3.

Consolidated Operating Income Level			Remuneration Amount
12.0 billion yen or more			Within 160 million yen
8.0 billion yen or more	—	Less than 12.0 billion yen	Within 120 million yen
6.0 billion yen or more	—	Less than 8.0 billion yen	Within 90 million yen
4.0 billion yen or more	—	Less than 6.0 billion yen	Within 60 million yen
2.0 billion yen or more	—	Less than 4.0 billion yen	Within 40 million yen
1.0 billion yen or more	—	Less than 2.0 billion yen	Within 20 million yen
		Less than 1.0 billion yen	0

Proposal 6: Establishment of Remuneration Amounts for Directors Who Are Audit and Supervisory Committee Members

If Proposal 2: Partial Amendments to the Articles of Incorporation is approved and passed, the Company will transition to a company with an Audit and Supervisory Committee.

Hence, in line with the transition to a company with Audit and Supervisory Committee, in consideration of the duties and responsibilities of Outside Directors, the Company proposes to set an amount of remuneration for Directors as an amount not exceeding 60 million yen per year.

If this proposal is approved, the Company plans to revise the Policy for Determination of Details of Remuneration, etc. for Individual Officers as described in Proposal 5: Establishment of Remuneration Amounts for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members).

This proposal seeks to provide for a reasonable remuneration category for Directors who are Audit and Supervisory Committee Members, in accordance with that policy, taking into consideration factors such as the economic situation, the size of the Company, the number of Directors, and the level of remuneration at other companies. In addition, the proposal has been deliberated on by the Nomination and Remuneration Committee, the majority of whose members are Independent Officers, and the Company believes its contents to be appropriate.

The specific amounts, timing of payment, and other details of basic remuneration and remuneration for individual Directors who are Audit and Supervisory Committee Members will be determined by discussion among the Directors who are Audit and Supervisory Committee Members.

If Proposal 2: Partial Amendments to the Articles of Incorporation and Proposal 4: Election of 4 Directors Who Are Audit and Supervisory Committee Members are approved and passed as originally proposed, the number of Directors who are Audit and Supervisory Committee Members will be 4.

This proposal shall take effect when Proposal 2: Partial Amendments to the Articles of Incorporation comes into effect.

Proposal 7: Establishment of Remuneration for Granting Shares with Restriction on Transfer for Directors (excluding Directors Who Are Audit and Supervisory Committee Members and Outside Directors)

Of remuneration, etc. paid to the Company's Directors, in addition to the basic remuneration and performance-linked remuneration described in Proposal 5: Establishment of Remuneration Amounts for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members) that were approved at past General Meetings of Shareholders, at the 104th General Meeting of Shareholders held on June 24, 2020, approval was received for restricted share-based remuneration for Directors (excluding Outside Directors), in a separate category from the aforementioned remuneration categories, in an amount not exceeding 80 million yen per year, and for the maximum number of restricted shares allotted each fiscal year to be set at 80,000 shares.

If Proposal 2: Partial Amendments to the Articles of Incorporation is approved and passed, the Company will transition to a company with an Audit and Supervisory Committee.

Accordingly, in line with the transition to a company with an Audit and Supervisory Committee, the Company proposes to abolish the current provisions for remuneration for granting shares with restriction on transfer and to establish restricted share-based remuneration as described below for Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) (hereinafter, "Eligible Directors").

The Company proposes that the remuneration to be offered to Eligible Directors for granting restricted shares in accordance with this Proposal be in the form of monetary claims. It is also proposed that, similarly to the previous restricted share-based remuneration for Directors (excluding Outside Directors), the total amount thereof shall be in a separate category from that in Proposal 5: Establishment of Remuneration Amounts for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members) and shall not exceed 50 million yen per year. The specific allocations to individual Eligible Directors and the timing of their grant will be determined by the Board of Directors.

If Proposal 2: Partial Amendments to the Articles of Incorporation and Proposal 3: Election of 7 Directors (excluding Directors Who Are Audit and Supervisory Committee Members) are approved and passed as originally proposed, the number of Eligible Directors will be 3.

Eligible Directors shall, based on a resolution of the Board of Directors, make in-kind contribution of all the monetary claims to be granted according to this Proposal, and shares of common stock of the Company will be issued or disposed of by the Company, with the upper limit of shares of common stock of the Company thus issued or disposed of set at 50,000 shares per year. However, the total number may be adjusted within a reasonable range in the case that a stock split (including an allotment of shares without consideration) or a reverse stock split of the Company's common stock is conducted, or any other reason that requires an adjustment to the total number of shares of common stock to be issued or disposed of by the Company as restricted shares, on or after the day on which this Proposal is approved and resolved.

The amount to be paid per share shall be decided by the Board of Directors based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately prior to the date on which resolution is made at a Board of Directors meeting (or the closing price on the transaction day immediately prior thereto if no transaction is made on such business day), within a reasonable range that is not particularly advantage to the Eligible Directors receiving those shares of common stock. For the purpose of such issuance or disposal of common stock of the Company, a contract on the allotment of restricted shares (hereinafter "Allotment Contract") that includes the following provisions (1) through (5) shall be concluded between the Company and Eligible Directors.

If this proposal is approved, the Company plans to revise the Policy for Determination of Details of Remuneration, etc. for Individual Officers as described in Proposal 5: Establishment of Remuneration Amounts for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members).

Further, the upper limit of remuneration under this proposal, the total number of shares of common stock of the Company to be issued or disposed of according to this proposal, and other conditions for the granting of restricted shares to Eligible Directors according to this proposal will be determined in consideration of various

circumstances, including the purpose of the remuneration, the business conditions of the Company, and the Policy for Determination of Details of Remuneration, etc. for Individual Officers. They have also been deliberated on by the Nomination and Remuneration Committee, the majority of whose members are Independent Officers, and the Company believes they are appropriate.

This proposal shall take effect when Proposal 2: Partial Amendments to the Articles of Incorporation comes into effect.

(1) Transfer restriction period

Eligible Directors shall not transfer, create a security interest on, or otherwise dispose of (hereinafter “Transfer Restriction”) the Company’s shares of common stock that are allotted according to Allotment Contract (hereinafter “Allotted Shares”) during the period from the day when they are allotted such shares according to the Allotment Contract until the time immediately after they have vacated both their positions of Director and Executive Officer with Special Title (hereinafter “Transfer Restriction Period”).

(2) Treatment on vacation of position

If an Eligible Director vacates both his or her position as Director and Executive Officer with Special Title of the Company prior to the expiry of a period stipulated in advance by the Board of Directors of the Company (hereinafter, “Service Period”), the Company shall acquire the Allotted Shares rightfully without consideration unless the reason for the vacation of position is death or any other justifiable reason.

(3) Lifting of Transfer Restriction

Notwithstanding the provision of (1) above, the Company shall lift the Transfer Restriction on all of the Allotted Shares at the expiration of the Transfer Restriction Period on the condition that Eligible Directors have continuously held the position of either Director or Executive Officer with Special Title during the Service Period. However, if such Eligible Directors vacate the position stipulated in (2) above prior to the expiry of the Service Period for reason of death or other justifiable reason, the number of Allotted Shares for which the Transfer Restriction is to be lifted and the timing of the lifting of the Transfer Restriction shall be reasonably adjusted as necessary. In addition, at the time immediately after the lifting of Transfer Restriction pursuant to the provisions described above, the Company shall acquire Allotted Shares for which the Transfer Restriction has not been lifted, rightfully without consideration.

(4) Treatment on organizational restructuring, etc.

Notwithstanding the provision of (1) above, in the case where an agreement of merger with the Company as the non-surviving entity, agreement of share exchange or plan for share transfer through which the Company becomes a wholly-owned subsidiary, or a matter concerning other organizational restructuring, etc. is approved at the Shareholders’ Meeting (or at the Company’s Board of Directors in the case where approval of the Shareholders’ Meeting is not required for the said organizational restructuring, etc.) during the Transfer Restriction Period, the Company shall lift the Transfer Restriction by resolution of the Company’s Board of Directors prior to the effective date of the said organizational restructuring, etc., with regard to the number of the Allotted Shares reasonably set forth in light of the period from the start date of the Service Period to the approval date of the said organizational restructuring, etc. In the case described above, at the time immediately after the lifting of Transfer Restriction, the Company shall acquire the Allotted Shares for which Transfer Restriction has not been lifted, rightfully without consideration.

(5) Other Matters

Any other matters concerning the Allotment Contract shall be determined by the Company’s Board of Directors.

(Reference)

Subject to the approval and resolution of this proposal, in addition to the Eligible Directors, the Company plans, by resolution of the Board of Directors, to pay restricted share-based remuneration similar to this plan to the Company's Executive Officers with Special Title.