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Securities Code: 6745

Start date of measures for electronic provision: June 5, 2023

To our shareholders:

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

Notice of the 127th Annual General Meeting of Shareholders

We are pleased to announce the 127th Annual General Meeting of Shareholders of Hochiki Corporation (the “Company”), which will be held as indicated below.

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

[Exercise of voting rights in writing]

Please indicate your approval or disapproval of the proposals in the voting right exercise form and then return the form to the Company by postal mail so that your vote is received by 5:30 p.m. on Tuesday, June 27, 2023 (JST).

[Exercise of voting rights via the internet]

Please access the dedicated website for exercising voting rights (<https://evote.tr.mufg.jp/>) (in Japanese), and follow the instructions on the display to indicate your approval or disapproval of the proposals by 5:30 p.m., Tuesday, June 27, 2023 (JST).

Details

- 1. Date and Time:** Wednesday, June 28, 2023, at 10:00 a.m. (JST)
- 2. Venue:** Conference Room on 5th floor of main building, Head Office of Hochiki Corporation
2-10-43 Kamiosaki Shinagawa-ku, Tokyo, Japan

3. Purpose of the Meeting

Matters to be reported:

1. The Business Report and the Consolidated Financial Statements for the 127th fiscal year (from April 1, 2022 to March 31, 2023), and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Audit and Supervisory Board
2. The Non-consolidated Financial Statements for the 127th fiscal year (from April 1, 2022 to March 31, 2023)

Matters to be resolved:

- | | |
|-----------------------|---|
| Proposal No. 1 | Appropriation of Surplus |
| Proposal No. 2 | Partial Amendments to the Articles of Incorporation |
| Proposal No. 3 | Election of 9 Directors |
| Proposal No. 4 | Election of Two Audit and Supervisory Board Members |

- Ⓞ When you attend the meeting in person, please submit the voting right exercise form at the reception counter.
- Ⓞ When convening the General Meeting of Shareholders, the Company takes measures for providing information that constitutes the content of Reference Documents for the General Meeting of Shareholders, etc. (items for which measures for providing information in electronic format are to be taken) in electronic format, and posts this information on the Company’s website. Please access the Company’s website by using the internet address shown below to review the information.

The Company’s website: <https://www.hochiki.co.jp/ir/stock/soukai/> (in Japanese)

In addition to posting items subject to measures for electronic provision on the Company’s website, the Company also posts this information on the website of the Tokyo Stock Exchange (TSE).

TSE website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

(Access the TSE website by using the internet address shown above, enter “HOCHIKI” in “Issue name” or the Company’s securities code “6745” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].”)

- ◎ Note that, for this General Meeting of Shareholders, paper-based documents stating items subject to measures for electronic provision will be delivered to all shareholders regardless of whether they have made a request for delivery of such documents. Among the items subject to measures for electronic provision, in accordance with the provisions of laws and regulations and Article 13 of the Articles of Incorporation of the Company, the following items are not provided in such documents.
 - Notes to the Consolidated Financial Statements
 - Notes to the Non-consolidated Financial Statements
- ◎ If revisions to the items subject to measures for electronic provision arise, a notice of the revisions and the details of the items before and after the revisions will be posted on the Company’s website and the TSE website shown above.

Reference Documents for the General Meeting of Shareholders

Proposal No. 1 Appropriation of Surplus

The Company proposes the appropriation of surplus as follows:

Year-end dividends

The Group recognizes return of profit to shareholders as one of its important management issues. While following the principle of maintaining stable dividend payments, we give comprehensive consideration to our financial position and level of profit.

When paying dividends, we will strive to provide stable and continuous returns to shareholders after making investments required for continuous growth over the medium- to long-term.

The Company has given comprehensive consideration to matters including the business performance of the fiscal year and future business development, and it proposes to pay a year-end dividend for the fiscal year of ¥51 per share, as it makes efforts to maintain continual and stable dividend payments while strengthening its corporate constitution.

- (1) Type of dividend property
To be paid in cash
- (2) Allotment of dividend property to shareholders and their aggregate amount
Dividend of ¥51 per common share of the Company
Total dividend amount: ¥1,285,945,263
- (3) Effective date of dividends of surplus
June 29, 2023

Proposal No. 2 Partial Amendments to the Articles of Incorporation

1. Reasons for the amendments

- (1) In order to strengthen the Group’s officer system, we will add the position of Chairperson and CEO to Article 22 (Executive Officers), paragraph 2 of the current Articles of Incorporation.
- (2) In conjunction with implementation of a new interim dividend from the fiscal year ending March 31, 2024, we will make necessary changes to Article 46 (Record Date for Dividends from Surplus) of the current Articles of Incorporation, including the establishment of a new record date for interim dividends.

2. Details of the amendments

(Amended portions are underlined)

Current Articles of Incorporation	Proposed Amendments
<p>Chapter IV Directors, Executive Officers and Board of Directors</p> <p>Article 22. (Executive Officers)</p> <ol style="list-style-type: none"> 1. The Board of Directors may, by its resolution, appoint Executive Officers and have them share the responsibilities for the execution of operations of the Company. 2. The Board of Directors may appoint, by its resolution, one President and CEO, and as necessary, appoint Executive Vice President(s), Senior Managing Executive Officer(s), Managing Executive Officer(s), Senior Executive Officer(s), and other Executive Officers with special titles. 3. The President and CEO shall represent the Company. <p>Article 23. - 45. (Omitted)</p> <p style="text-align: center;">Chapter VII Calculations</p> <p>Article 46. (Record Date for Dividends of Surplus)</p> <ol style="list-style-type: none"> 1. The Company <u>shall pay dividends of the surplus to the shareholders or registered share pledgees appearing or recorded in the final shareholders’ register</u> as of March 31 of each year. (Newly established) 2. In addition to the preceding paragraph, the Company may declare dividends of surplus by setting a record date. 	<p>Chapter IV Directors, Executive Officers and Board of Directors</p> <p>Article 22. (Executive Officers)</p> <ol style="list-style-type: none"> 1. The Board of Directors may, by its resolution, appoint Executive Officers and have them share the responsibilities for the execution of operations of the Company. 2. The Board of Directors may appoint, by its resolution, one President and CEO, and as necessary, appoint <u>Chairperson and CEO</u>, Executive Vice President(s), Senior Managing Executive Officer(s), Managing Executive Officer(s), Senior Executive Officer(s), and other Executive Officers with special titles. 3. The President and CEO shall represent the Company. <p>Article 23. - 45. (Unchanged)</p> <p style="text-align: center;">Chapter VII Calculations</p> <p>Article 46. (Record Date for Dividends of Surplus)</p> <ol style="list-style-type: none"> 1. <u>The record date</u> for the Company’s <u>year-end dividends shall be</u> March 31 of each year. 2. <u>The record date for the Company’s interim dividend shall be September 30 of each year.</u> 3. In addition to the two (2) preceding paragraphs, the Company may declare dividends of surplus by setting a record date.

Proposal No. 3 Election of 9 Directors

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

The candidates for Director are as follows:

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

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	Akio Yamagata (October 14, 1950) Reelection	Apr. 1973 Joined the Company Apr. 2005 Executive Officer, Deputy General Manager of General Administrative Division June 2007 Director, Deputy General Manager of General Administrative Division June 2008 Director, General Manager of General Administrative Division June 2011 Managing Director, General Manager of General Administrative Division June 2012 Managing Director, in charge of Business Planning Division June 2013 Senior Managing Director June 2014 Senior Managing Director, General Manager of International Business Division June 2015 Director and Vice President, General Manager of International Business Division of the Company Apr. 2017 Director and Vice President, in charge of International Business Division June 2017 Director and President Apr. 2018 Director and President, General Manager of Quality Division June 2019 Director, President and CEO, General Manager of Quality Division (present position) May 2021 Vice Chairperson, Japan Fire Alarms Manufacturer's Association, General Incorporated Association (present position)	67,822 shares (Including 28,622 shares scheduled to be delivered regarding the performance-linked stock compensation plan)
[Reasons for nomination as candidate for Director] Akio Yamagata has appropriate experience and ability to serve as the Company's Director such as having abundant experience and extensive knowledge as corporate manager, having shown his leadership as the representative of the management of the Company and being well-versed in various areas of the Company's business.			
2	Hajime Hosoi (December 31, 1964) Reelection	Feb. 1989 Joined the Company Apr. 2013 Administration Officer, Head of Business Planning Office June 2013 Director, Head of Business Planning Office Apr. 2018 Director, General Manager of Sales Division June 2018 Managing Director, General Manager of Sales Division Apr. 2019 Managing Director, General Manager of Sales Division, in charge of Maintenance Business and Engineering Group June 2019 Director, Managing Executive Officer, General Manager of Sales Division, in charge of Maintenance Business and Engineering Group Apr. 2020 Director, Senior Managing Executive Officer, General Manager of International Business Division (present position)	26,231 shares (Including 15,020 shares scheduled to be delivered regarding the performance-linked stock compensation plan)
[Reasons for nomination as candidate for Director] Hajime Hosoi has appropriate experience and ability to serve as the Company's Director such as having abundant experience in the areas of business planning, sales and international business, and having shown his leadership in the entire Group, including overseas companies.			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
3	Kazuhito Itani (July 11, 1957) Reelection	Apr. 1981 Joined the Company Apr. 2013 Executive Officer, Deputy General Manager of Sales Division June 2014 Director, Deputy General Manager of Sales Division, General Manager of Tokyo Branch June 2015 Director & President of Hochiki Engineering Corp. June 2019 Director, Senior Executive Officer, Deputy General Manager of Sales Division, General Manager of Tokyo Branch of the Company Apr. 2020 Director, Managing Executive Officer, General Manager of Sales Division, in charge of Maintenance Business and Engineering Group Oct. 2020 Director, Managing Executive Officer, General Manager of Sales Division, in charge of Maintenance Business, Security Business and Engineering Group Apr. 2021 Director, Managing Executive Officer, General Manager of Sales Division, in charge of Engineering Group Apr. 2023 Director, Managing Executive Officer, General Manager of Sales Division, in charge of Engineering Group and Maintenance Business (present position)	19,772 shares (Including 11,296 shares scheduled to be delivered regarding the performance-linked stock compensation plan)
[Reasons for nomination as candidate for Director] Kazuhito Itani has appropriate experience and ability as to serve as the Company's Director such as having abundant experience in sales and having shown his leadership mainly in domestic businesses.			
4	Yasuhiro Yoshimoto (July 16, 1961) Reelection	Apr. 2013 Administration Officer, General Manager of Sixth Region of SOHGO SECURITY SERVICES CO., LTD. Apr. 2016 Seconded to Nippon Building Maintenance Co., Ltd. (currently ALSOK Facilities Co., Ltd.) Representative Director and President Apr. 2017 Executive Officer of SOHGO SECURITY SERVICES CO., LTD. Apr. 2021 Managing Executive Officer, Deputy General Manager of Sales Division, in charge of Security Business of the Company Councilor of SOHGO SECURITY SERVICES CO., LTD. (present position) June 2021 Director, Managing Executive Officer, Deputy General Manager of Sales Division, in charge of Security Business of the Company (present position)	1,300 shares
[Reasons for nomination as candidate for Director] Yasuhiro Yoshimoto has appropriate experience and ability to serve as the Company's Director such as having experience and extensive knowledge as corporate manager and having shown his leadership from an expert standpoint mainly in domestic businesses.			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
5	Yasuharu Kobayashi (January 19, 1962) New Election	<p>June 2011 Executive Officer, General Manager of Kyoto Branch of Mitsubishi UFJ Trust and Banking Corporation</p> <p>June 2013 Representative Director and Vice President of Mitsubishi UFJ Trust Business Co., Ltd.</p> <p>June 2014 Director, Deputy General Manager of Sales Division, in charge of Sales Promotion Group of the Company</p> <p>June 2019 Director, Senior Executive Officer, Deputy General Manager of Sales Division, in charge of Sales Promotion Group</p> <p>Apr. 2021 Director, Managing Executive Officer, Deputy General Manager of Sales Division, in charge of Sales Promotion Group</p> <p>June 2021 Managing Executive Officer, Deputy General Manager of Sales Division, in charge of Sales Promotion Group (present position)</p>	18,682 shares (Including 10,420 shares scheduled to be delivered regarding the performance-linked stock compensation plan)
<p>[Reasons for nomination as candidate for Director]</p> <p>Yasuharu Kobayashi has appropriate experience and ability to serve as the Company's Director such as having experience and extensive knowledge as corporate manager and having shown his leadership mainly in the domestic field.</p>			
6	Hiroyuki Uemura (January 23, 1942) Reelection External Director Independent Director	<p>June 1991 Director of Sumitomo Marine & Fire Insurance Co., Ltd. (currently Mitsui Sumitomo Insurance Company, Limited)</p> <p>June 1994 Managing Director</p> <p>June 1997 Senior Managing Director</p> <p>June 1998 Director and President</p> <p>June 2002 Director of the Company (Retired in June 2004)</p> <p>June 2006 Director of the Company (present position)</p> <p>July 2007 Full-time Advisor of Mitsui Sumitomo Insurance Company, Limited</p> <p>Apr. 2013 Senior Advisor</p> <p>June 2015 External Director of Taisho Pharmaceutical Holdings Co., Ltd. (present position)</p> <p>Apr. 2017 Honorary Advisor of Mitsui Sumitomo Insurance Company, Limited (present position)</p> <p>Apr. 2019 Chairperson of Kaetsu Gakuen Educational Corporation (present position)</p>	13,000 shares
<p>[Reasons for nomination as candidate for external Director and expected roles]</p> <p>Hiroyuki Uemura has abundant experience and extensive knowledge as corporate manager and has made appropriate remarks contributing to the Company's management from his expert standpoint at meetings of the Board of Directors. The Company requests approval for his election as an external Director as it expects him to continue to play a role in providing advice and supervision.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
7	Hideyo Nakano (September 13, 1959) Reelection External Director Independent Director	Nov. 1991	Vice President of Cititrust and Banking Corporation	-
		Oct. 1993	Senior Portfolio Manager and Head of Private Investment	
		Jan. 2000	Director and Head of Investment Division of FuNNeX Asset Management Inc.	
		Mar. 2004	CEO of Trias Corporation (present position)	
		Mar. 2020	External Director of OUTSOURCING Inc.	
		June 2021	Director of the Company (present position)	
		June 2022	Outside Director of DKS Co. Ltd. (present position)	
[Reasons for nomination as candidate for external Director and expected roles] Hideyo Nakano is well versed in overseas business in addition to having abundant experience and extensive knowledge as a corporate manager of an IR/PR consulting company, and from this expert standpoint, she has made appropriate remarks contributing to the Company's management at meetings of the Board of Directors. The Company requests approval for her election as an external Director as it expects her to continue to play a role in providing advice and supervision.				
8	Masaaki Matsunaga (August 7, 1960) Reelection External Director Independent Director	June 2013	Director of The Toa Reinsurance Company, Limited	235 shares
		June 2016	Managing Director	
		June 2020	President and Chief Executive (present position)	
		June 2022	Director of the Company (present position)	
[Reasons for nomination as candidate for external Director and expected roles] Masaaki Matsunaga has abundant experience and extensive knowledge as corporate manager and has made appropriate remarks contributing to the Company's management from his expert standpoint at meetings of the Board of Directors. The Company requests approval for his election as an external Director as it expects him to continue to play a role in providing advice and supervision.				

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
9	Kiyoshi Amano (January 28, 1960) Reelection	<p>Aug. 1988 Joined the Company</p> <p>June 2012 General Manager of Accounting Department, General Administrative Division</p> <p>Apr. 2015 Executive Officer, Deputy General Manager of General Administrative Division</p> <p>June 2018 Director, Deputy General Manager of General Administrative Division, in charge of Internal Auditing Office</p> <p>Apr. 2019 Director, General Manager of General Administrative Division, General Manager of General Affairs Department, in charge of Internal Auditing Office</p> <p>June 2019 Director, Senior Executive Officer, General Manager of General Administrative Division, General Manager of General Affairs Department, in charge of Internal Auditing Office</p> <p>Apr. 2021 Director, Senior Executive Officer, General Manager of General Administrative Division, in charge of Internal Auditing Office (present position)</p>	12,616 shares (Including 7,968 shares scheduled to be delivered regarding the performance-linked stock compensation plan)
<p>[Reasons for nomination as candidate for Director]</p> <p>Kiyoshi Amano has appropriate experience and ability to serve as the Company's Director such as having abundant experience in the area of finance and accounting and having shown his leadership mainly in the planning and general administration fields.</p>			

- Notes:
- There is no special interest between any of the candidates and the Company.
 - The Company requests approval for the election of Hiroyuki Uemura, Hideyo Nakano and Masaaki Matsunaga as external Directors, with the expectation that they can provide effective advice from their objective viewpoint independent from other Directors and from their expert standpoint based on experience and knowledge as corporate managers, among others. Hiroyuki Uemura, Hideyo Nakano and Masaaki Matsunaga have been appropriately supervising the Company's management.
Hiroyuki Uemura has been serving as an external Director of the Company since June 2006. At the conclusion of this meeting, his tenure will be 17 years. Hideyo Nakano has been serving as an external Director of the Company since June 2021. At the conclusion of this meeting, her tenure will be 2 years. Masaaki Matsunaga has been serving as an external Director of the Company since June 2022. At the conclusion of this meeting, his tenure will be one year.
 - The Company has submitted notification to Tokyo Stock Exchange, Inc. that Hiroyuki Uemura, Hideyo Nakano and Masaaki Matsunaga have been appointed as independent directors. Upon approval for the election of Hiroyuki Uemura, Hideyo Nakano and Masaaki Matsunaga, the Company plans to submit notification of their appointment as independent directors.
 - Pursuant to Article 427, paragraph 1 of the Japanese Companies Act and provisions of the Articles of Incorporation of the Company, the Company has entered into an agreement with each of Hiroyuki Uemura, Hideyo Nakano and Masaaki Matsunaga to limit their liability for damages under Article 423, paragraph 1 of the same Act. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for under laws and regulations. Upon approval for the election of Hiroyuki Uemura, Hideyo Nakano and Masaaki Matsunaga, the Company plans to continue the aforementioned limited liability agreement with each of them.
 - As provided for in Article 430-3, paragraph 1 of the Companies Act, the Company has entered into a directors and officers liability insurance policy, in which the Directors of the Company are insureds, with an insurance company and the full amount of insurance premiums are borne by the Company. An overview of the details is as follows. The insurance company covers, under this policy, losses that arise through a subject officer, who is an insured, assuming liability related to their execution of duties or through claims pertaining to the pursuit of such liability, and if each candidate assumes office as a Director, each Director will be included as an insured in this policy. In addition, when the policy is renewed, the Company plans to renew the policy with the same terms.
 - The numbers of the Company's shares owned by each candidate include the number of shares scheduled to be delivered upon retirement pursuant with the performance-linked stock compensation plan introduced in fiscal year 2018. Note that the voting rights attached to the shares scheduled to be delivered pursuant to the Plan are non-exercisable during the period until they are delivered to each candidate in the future. In addition, shares constituting an equivalent of 40% of said shares

scheduled to be delivered shall be sold on the market and the proceeds are scheduled to be delivered to each candidate to secure funds for payment of taxes.

Proposal No. 4 Election of Two Audit and Supervisory Board Members

At the conclusion of this meeting, the terms of office of Audit and Supervisory Board Members Masahide Nakamura and Minako Adachi will expire. Therefore, the Company proposes the election of two Audit and Supervisory Board Members.

The Company proposes to nominate Masahide Nakamura and Minako Adachi for reelection as candidates for Audit and Supervisory Board Member. In addition, the consent of the Audit and Supervisory Board has been obtained for this proposal.

The candidates for Audit and Supervisory Board Member is as follows:

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	Masahide Nakamura (August 27, 1963) Reelection External Audit and Supervisory Board Member	<p>Oct. 2006 General Manager of Credit Department of Mitsubishi UFJ Trust and Banking Corporation</p> <p>May 2012 General Manager of Osaka Branch</p> <p>July 2013 General Manager of Nagano Branch</p> <p>Apr. 2015 General Manager of Shinjuku Branch</p> <p>June 2017 Executive Officer, General Manager of Umeda Branch</p> <p>Apr. 2018 Executive Officer, General Manager of Umeda Branch and Osaka Branch</p> <p>Apr. 2019 Advisor of MU Trust Apple Planning Company, Ltd.</p> <p>June 2019 Audit and Supervisory Board Member of the Company (present position)</p>	3,394 shares
<p>[Reasons for nomination as a candidate for external Audit and Supervisory Board Member]</p> <p>Masahide Nakamura has many years of experience and extensive knowledge in financial institutions and has conducted effective audits that contribute to the Company's management. The Company requests approval for his election as an Audit and Supervisory Board Member as it expects him to continue to play a role in conducting audits and supervision.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
2	Minako Adachi (October 1, 1956) Reelection	<p>Apr. 1979 Joined the Company</p> <p>Apr. 2009 Executive Officer, Deputy General Manager of International Business Division President & Director of Hochiki Europe (U.K.) Limited</p> <p>Apr. 2010 Executive Officer, General Manager of International Business Division of the Company President & Director of Hochiki Europe (U.K.) Limited</p> <p>June 2010 Director, General Manager of International Business Division of the Company Chairperson of Hochiki Fire Prevention Technology Corp.</p> <p>Apr. 2012 Director, Deputy General Manager of International Business Division of the Company Chairperson of Hochiki Fire Prevention Technology Corp.</p> <p>Apr. 2015 Director, Deputy General Manager of General Administrative Division of the Company</p> <p>June 2015 President & Director of Hochiki Shoji Corp.</p> <p>June 2019 Audit and Supervisory Board Member of the Company (present position) External Director of Sinko Industries Ltd. (present position)</p>	20,800 shares
<p>[Reasons for nomination as a candidate for Audit and Supervisory Board Member]</p> <p>Minako Adachi has abundant experience with respect to corporate management and overseas operations, and has conducted effective audits that contribute to the Company's management. The Company requests approval for her election as an Audit and Supervisory Board Member as it expects her to continue to play a role in conducting audits and supervision.</p>			

- Notes:
1. There is no special interest between any of the candidates and the Company.
 2. Masahide Nakamura is a candidate for external Audit and Supervisory Board Member. Masahide Nakamura has been serving as an external Audit and Supervisory Board Member of the Company since June 2019. At the conclusion of this meeting, his tenure will be four years.
 3. The Company has submitted notification to Tokyo Stock Exchange, Inc. that Masahide Nakamura has been appointed as an independent audit and supervisory board member. Upon approval of his election, the Company plans to submit notification of his appointment as an independent audit and supervisory board member.
 4. Pursuant to Article 427, paragraph 1 of the Japanese Companies Act and provisions of the Articles of Incorporation of the Company, the Company has entered into an agreement with each of Masahide Nakamura and Minako Adachi to limit their liability for damages under Article 423, paragraph 1 of the same Act. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for under laws and regulations. Upon approval for the election of Masahide Nakamura and Minako Adachi, the Company plans to continue the same liability limitation agreement with them.
 5. As provided for in Article 430-3, paragraph 1 of the Companies Act, the Company has entered into a directors and officers liability insurance policy with the Company's Audit and Supervisory Board Members as insureds with an insurance company, and the full amount of insurance premiums are borne by the Company.
An overview of this policy is as follows. The insurance company covers, under this policy, losses that arise through a subject officer, who is an insured, assuming liability related to their execution of duties or through claims pertaining to the pursuit of such liability, and if each candidate assumes office as an Audit and Supervisory Board Member, each Audit and Supervisory Board Member will be included as an insured in this policy. In addition, when the policy is renewed, the Company plans to renew the policy with the same terms.

(Reference) Skill Matrix if the Proposals No. 3 and No. 4 are approved as originally proposed

Directors

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

Audit and Supervisory Board Members

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

Business Report

(From April 1, 2022 to March 31, 2023)

1. Current Status of the Corporate Group

(1) Business Progress and Results

The Japanese economy during the consolidated fiscal year ended March 31, 2023 was moving toward normalization of economic activities due to furtherance in the easing of behavior restrictions associated with the COVID-19 pandemic. Meanwhile, against the backdrop of the prolonged situation in Ukraine, the outlook is still uncertain, with issues such as the world-wide tight supply-demand for electronic components and soaring prices of resources and raw materials.

In the fire prevention and information and communication industries, the ongoing risk of rising raw material prices, labor costs and logistics costs, which have a negative impact on earnings, is arising.

Under such circumstances, the Group has been promoting sales activities on a companywide basis to realize the Medium-Term Management Plan “VISION2023 (from FY2021 to FY2023).” As for the Domestic Business, the Refurbishment/Retrofit and Maintenance Businesses, which are the stock-model businesses, progressed steadily. As for the Overseas Business, in addition to the steady performance in system sales, the depreciation of the yen also contributed to our business performance. As a result, orders received increased to 89,493 million yen (up 10.1% year on year) and sales increased to 85,457 million yen (up 5.2% year on year). As for profit, due to the increase in the sales and downturn in the provision for warranties for products recorded in the previous fiscal year, as well as the gain on the sale of securities, the Group recorded an operating profit of 5,590 million yen (up 2.0% year on year), an ordinary profit of 5,857 million yen (up 4.1% year on year), and a net profit attributable to owners of parent of 4,422 million yen (up 7.2% year on year), all of which were record-highs.

The overview of each business is as follows.

As for the fire alarm systems and fire extinguishing systems in the Fire Prevention Business, we were able to effectively capture the demands for new installation and refurbishment/retrofit through making the maximum use of CRM, our sales management system, and further strengthening the relation between the divisions that are responsible for the processes from receiving the orders for new installation to that for maintenance.

As for the Overseas Business, we promoted the system sales of products composing fire alarm systems and developed measures that expand the business into the market for buildings of larger scale.

As a result thereof, orders received for the Fire Prevention Business increased to 75,385 million yen (up 11.2% year on year) and sales increased to 71,594 million yen (up 5.0% year on year).

As for the information and communication systems and security systems of the Information and Communication Business, while there was an effect on product supply due to the difficulty in procuring components, we were able to capture the demands for new installation and refurbishment/retrofit of the broadcast/intercom systems, and developed sales activities by utilizing the customer base of the Fire Prevention Business mainly for the access control systems.

As a result, orders received for the Information and Communication Business amounted to 14,107 million yen (up 4.5% year on year) and the sales amounted to 13,863 million yen (up 6.3% year on year).

Orders Received and Net Sales by Business Segment

By Business Segment		Orders Received			Net Sales		
		FY3/2022	FY3/2023	YoY Change	FY3/2022	FY3/2023	YoY Change
Fire Prevention Business	Fire Alarm Systems	¥ million 58,534	¥ million 63,759	% 108.9	¥ million 58,404	¥ million 62,427	% 106.9
	Fire Extinguishing Systems	9,234	11,626	125.9	9,805	9,166	93.5
	Subtotal	67,768	75,385	111.2	68,210	71,594	105.0
Information and Communication Business	Information and Communication Systems	8,738	9,360	107.1	8,421	9,170	108.9
	Security Systems	4,760	4,746	99.7	4,619	4,693	101.6
	Subtotal	13,499	14,107	104.5	13,040	13,863	106.3
Total		81,267	89,493	110.1	81,251	85,457	105.2

(4) Issues to be Addressed

Although the COVID-19 pandemic is being brought under control, the circumstances surrounding the Group include risks that may affect income, including the stagnation of the supply chain mainly for electronic components, the surges in the prices of oil and other resources, and changes in the financial and capital market and other factors.

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

(Management Goals)

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

Financial indicators	Net sales	¥86.5 billion
	Operating profit	¥6.1 billion
FY3/2024 (Forecast)	Operating profit margin	7.1%
	ROE	9.5%

(Management Measures)

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

For the Domestic Business, we will work on measures based on our effective customer support cycle.

The Fire Prevention Business will effectively capture demand for new installations and refurbishment/retrofit installations through the best use of the CRM system. In pursuit of further stable growth, the Maintenance Business will proceed with measures for the provision of value-added services using digital technology, while striving to improve business quality.

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

Against the backdrop of continuing market growth, the Overseas Business is positioned as a key

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

(2) Strengthen the manufacturing foundation that supports sustainable growth

We will enhance our “manufacturing ability” in the mid- and long-term perspectives, including by strengthening our basic research and element technology development for the future. In addition, in order to provide high-quality and cost-competitive products with an appropriate delivery time in the future, we will proceed with rebuilding and reconstructing the global supply chain management in a broad sense, including product planning, development, components procurement, production technologies, and manufacturing, and promote efforts to create new value-added products.

(3) Enhance future competitive advantage through management reforms that are adapted to changes in the environment

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

With a management goal of contributing to building a safe and secure society through corporate activities centered around the Fire Prevention Business, the Group will provide high-quality products and systems, and further improve its profit-oriented manufacturing, sales, installation and maintenance systems. Furthermore, in accordance with the newly established “Group ESG Basic Policy,” we will enhance a transparent corporate governance, promote activities that help realize a carbon neutral society, and improve and develop a work environment based on the revised Labor Standards Act that will be applicable in 2024. By doing this, we will build an organization where employees with diverse values can play an active role depending on their individual characteristics and abilities, and continue with our challenge to be an “attractive global brand” living in harmony with society.