

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities Code: 6364

June 9, 2023

To Our Shareholders:

Yoshimasa Horiuchi, President
Hokuetsu Industries Co., Ltd.
3074 Shimoaouzu, Tsubame-shi, Niigata

Notice of the 92nd Annual General Meeting of Shareholders

We are pleased to announce that the 92nd Annual General Meeting of Shareholders of Hokuetsu Industries Co., Ltd. (the “Company”) will be held as follows.

In convening this General Meeting of Shareholders, the Company has taken 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 will be taken) in electronic format, and has posted the information on each of the following websites. Please access either of the websites to view the information.

Company website: <https://www.airman.co.jp/ir/shares/> (in Japanese)

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 “Hokuetsu Industries” in “Issue name (company name)” or the Company’s securities code “6364” 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].”)

Website for posted informational materials for the general meeting of shareholders:

<https://d.sokai.jp/6364/teiji/> (in Japanese)

If you do not attend the meeting, you may exercise your voting rights in writing (by mail) or via the internet, etc. Please take some time to review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights no later than 5:10 p.m. on Tuesday, June 27, 2023 (JST).

Exercising voting rights in writing (by mail)

Indicate your approval or disapproval of each proposal on the Voting Form, and post it so that it arrives by the voting deadline specified above.

Exercising voting rights via the internet, etc.

(1) How to read QR Code® “Smart Exercise”

You can easily exercise your voting rights without having to enter a voting code and password by reading the QR Code® at the bottom right of the voting form via your smartphone.

(2) How to enter the voting code and password

Please access the voting website specified by the Company (<https://soukai.mizuho-tb.co.jp/>) (in Japanese), use the “Voting Code” and “Password” shown on the Voting Form enclosed with this notice, then follow the on-screen instructions to vote on each proposal by the voting deadline.

For more details on how to exercise voting rights via the internet, etc., please refer to the “How to exercise voting rights” on page 8 (in Japanese version only).

- 1. Date and Time: Wednesday, June 28, 2023, at 10:00 a.m. (JST)**
(Reception will begin at 9:00 a.m.)
- 2. Place: Conference Room, 1F Welfare Building, Headquarters/Factory, Hokuetsu Industries Co., Ltd.**
3074 Shimoaouzu, Tsubame-shi, Niigata

3. Purposes of the Meeting

Matters to be reported:

1. The Business Report, the Consolidated Financial Statements and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Audit Committee for the 92nd fiscal year (from April 1, 2022 to March 31, 2023)
2. The Non-consolidated Financial Statements for the 92nd fiscal year (from April 1, 2022 to March 31, 2023)

Matters to be resolved:

- | | |
|-----------------------|--|
| Proposal No. 1 | Appropriation of Surplus |
| Proposal No. 2 | Election of Four Directors (Excluding Audit Committee Members) |
| Proposal No. 3 | Election of Four Directors Who Are Audit Committee Members |
| Proposal No. 4 | Revision of the Performance-linked Share-based Remuneration Scheme for Directors (Excluding Audit Committee Members) and Executive Officers |
| Proposal No. 5 | Revision of the Share-based Remuneration Scheme for Directors Who Are Audit Committee Members |

4. Matters Prescribed for Convocation (Information About the Exercise of Voting Rights)

- (1) If approval or disapproval of the proposals is not indicated on the Voting Form submitted in writing (by mail) for the exercise of voting rights, the Form will be acknowledged as an indication of approval and handled accordingly.
 - (2) If you exercise your voting rights on multiple occasions via the internet, etc., the vote that is cast on the final occasion will be deemed as the valid one.
 - (3) If you exercise your voting rights both in writing (by mail) and via the internet, etc., the vote via the internet, etc. will be deemed as the valid one, regardless of when it is received.
- ◎ If attending the meeting in person, please present the Voting Form at the reception desk.
- ◎ If revisions to the items subject to measures for electronic provision arise, a notice will be posted on the aforementioned websites to present the revisions and the details of those items before and after the revisions are made.
- ◎ In accordance with a revision of the Companies Act, in principle you are to check items subject to measures for electronic provision by accessing either of the websites mentioned above, and we have decided to deliver paper-based documents stating the items only to shareholders who request the delivery of paper-based documents by the record date. However, for this meeting, we have delivered paper-based documents stating the items subject to measures for electronic provision to all shareholders, regardless of whether or not they have requested them. In accordance with the provisions of laws and regulations and Article 14, paragraph 2 of the Company's Articles of Incorporation, among the items subject to measures for electronic provision, the following items are not provided in the documents. Therefore, those documents are part of the documents audited by the Financial Auditor and the Audit Committee to produce their audit reports.
- (i) Notes to the Consolidated Financial Statements
 - (ii) Notes to the Non-consolidated Financial Statements
- ◎ The video of the General Meeting of Shareholders will be available on the Company's website (<https://www.airman.co.jp/>) (in Japanese) from early July. We hope the streaming will be of use to you.
(We ensure that the video taken at the General Meeting of Shareholders will not show the faces of shareholders in attendance to the extent possible in order to protect their portrait rights and privacy. If the video turns out to contain any identifiable images of shareholders due to certain arrangement of the venue or other reasons, these images will be processed so that the individuals therein will be unidentifiable.)
- ◎ We do not prepare gifts for shareholders who will attend the General Meeting of Shareholders. We greatly appreciate your understanding.
- ◎ After the conclusion of the General Meeting of Shareholders, a free discussion session with shareholders will be held. We would very much like you to stay longer and attend.

How to exercise voting rights

If you attend the General Meeting of Shareholders in person, you need not exercise your voting rights in writing or via the internet, etc.

For those attending the General Meeting of Shareholders

Please **submit** the complete Voting Form **to the reception at the venue**.

(No personal seal is required.)

Date and Time: **Wednesday, June 28, 2023, at 10:00 a.m. (JST)** (Reception will begin at 9:00 a.m.)

Place: **Conference Room, 1F Welfare Building, Headquarters/Factory, Hokuetsu Industries Co., Ltd.**

For those sending the Voting Form by post

Indicate your approval or disapproval of the proposals on the Voting Form and return it. No stamp is needed.

Deadline for exercise of voting rights by post: **Must arrive by 5:10 p.m. on Tuesday, June 27, 2023 (JST)**

Reference Documents for the General Meeting of Shareholders

Proposal No. 1 Appropriation of Surplus

Year-end dividends

From the Company's perspective, returning profit to shareholders is one of its top management priorities. As a general rule, the Company will continue to pay dividends commensurate with earnings, while efficiently using retained earnings for investments aiming to strengthen the business structure and boost profitability going forward. The Company has decided on the following year-end dividend after consideration of our performance in the current fiscal year and future business development.

Accordingly, the dividend for the fiscal year, including the interim dividend, will be ¥45 per share.

(1) Type of dividend property

To be paid in cash.

(2) Allotment of dividend property and their aggregate amount

¥30 per common share of the Company

Total: ¥857,291,520

(3) Effective date of dividends of surplus

June 29, 2023

Proposal No. 2 Election of Four Directors (Excluding Audit Committee Members)

The terms of office of all four Directors (excluding those appointed as Audit Committee Members; applicable to the rest of this proposal) will expire at the conclusion of this meeting. Therefore, the Company proposes the election of four Directors.

The Audit Committee of the Company has determined that all of the candidates for Director included in the proposal are qualified.

The candidates for Director are as follows:

Candidate No.	Name		Current position and area of responsibility in the Company	Number of years in office as a Director	Attendance at Board of Directors meetings
1	Yoshimasa Horiuchi	Reelection	President	7 years	100% (19/19)
2	Goichi Sato	Reelection	Director, General Manager of Administration Dept.	2 years	100% (19/19)
3	Katsumi Kaneko	Reelection	Director, General Manager of Production Dept.	1 year	100% (14/14)
4	Norimi Nagasawa	New election	Executive Officer, General Manager of Sales Dept.	–	–

- Notes:
1. The tenure of each candidate in relation to this proposal is as of the conclusion of this meeting.
 2. The number of Board of Directors meetings attended by Katsumi Kaneko is the number of meetings he has attended since his appointment as Director on June 28, 2022.

Candidate No.	Name (Date of birth)	Career summary, position, and area of responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	<p>Yoshimasa Horiuchi Date of birth: August 24, 1959 (63 years old)</p> <p>Reelection</p> <p>Number of years in office as a Director 7 years</p> <p>Attendance at Board of Directors meetings 100% (19/19)</p>	<p>Apr. 1982 Joined the Company</p> <p>Mar. 2010 General Manager of Osaka Sales Department and Manager of Nishi Nihon Branch</p> <p>Apr. 2011 Executive Officer, General Manager of Osaka Sales Division</p> <p>Mar. 2013 Executive Officer, General Manager of Nishi Nihon Sales Division</p> <p>Mar. 2016 Executive Officer, General Manager of Higashi Nihon Sales Division</p> <p>June 2016 Director, General Manager of Higashi Nihon Sales Division</p> <p>Mar. 2019 Director, General Manager of Sales Dept.</p> <p>Mar. 2021 Managing Director, General Manager of Sales Dept.</p> <p>Mar. 2022 President (current position)</p> <p>Significant concurrent positions outside the Company None.</p>	31,500 shares
<p>Reasons for nomination as candidate for Director</p> <p>Yoshimasa Horiuchi is currently President of the Company and has abundant business experience and knowledge of the overall management of the Company, as well as insights on general management of the Group. The Company therefore considers him an appropriate candidate as a Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position, and area of responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
2	<p>Goichi Sato Date of birth: May 30, 1971 (52 years old)</p> <p>Reelection</p> <p>Number of years in office as a Director 2 years</p> <p>Attendance at Board of Directors meetings 100% (19/19)</p>	<p>Apr. 1998 Joined the Company</p> <p>Mar. 2013 Managing Director of ASC Company Ltd.</p> <p>Mar. 2014 Executive Officer of the Company Representative Director, President of ASC Co., Ltd.</p> <p>Mar. 2018 Executive Officer, General Manager of Administration Division of the Company</p> <p>Mar. 2021 Executive Officer, General Manager of Administration Dept., and Manager of Corporate Planning Office</p> <p>June 2021 Director, General Manager of Administration Dept., and Manager of Corporate Planning Office</p> <p>Mar. 2022 Director, General Manager of Administration Dept. (current position)</p> <p>Significant concurrent positions outside the Company None.</p>	511,642 shares
<p>Reasons for nomination as candidate for Director</p> <p>Goichi Sato oversees the administrative department and has experience as a manager of a group company, a service division, as well as extensive business experience in the Company and insights into accounting, finance, general affairs, and human resources operations in general. The Company therefore considers him an appropriate candidate as a Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position, and area of responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
3	<p>Katsumi Kaneko Date of birth: May 11, 1968 (55 years old)</p> <p>Reelection</p> <p>Number of years in office as a Director 1 year</p> <p>Attendance at Board of Directors meetings 100% (14/14)</p>	<p>Apr. 1994 Joined the Company</p> <p>Mar. 2019 General Manager of Manufacturing Division and Manager of Manufacturing Group I</p> <p>Mar. 2020 Executive Officer, General Manager of Manufacturing Division</p> <p>Mar. 2022 Executive Officer, General Manager of Production Dept.</p> <p>June 2022 Director, General Manager of Production Dept. (current position)</p> <p>Significant concurrent positions outside the Company None.</p>	2,600 shares
<p>Reasons for nomination as candidate for Director</p> <p>Katsumi Kaneko has overseen the production department and, since joining the Company, he has been involved in the development and manufacturing divisions and held key positions. He has abundant business experience and knowledge of the overall production operations of the Company. The Company therefore considers him an appropriate candidate as a Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position, and area of responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
4	<p>Norimi Nagasawa Date of birth: June 10, 1967 (56 years old)</p> <p>New election</p> <p>Number of years in office as a Director – years</p> <p>Attendance at Board of Directors meetings – %</p>	<p>June 1990 Joined the Company</p> <p>Mar. 2019 General Manager of Higashi Nihon Sales Division</p> <p>Mar. 2020 Executive Officer, General Manager of Higashi Nihon Sales Division</p> <p>Mar. 2022 Executive Officer, General Manager of Sales Dept. (current position)</p> <p>Significant concurrent positions outside the Company None.</p>	5,800 shares
<p>Reasons for nomination as candidate for Director Norimi Nagasawa has overseen the sales department and he has held key positions. He has abundant business experience and knowledge of the overall sales operations of the Company. The Company therefore considers him an appropriate candidate as a Director.</p>			

- Notes:
1. There is no special interest between any of the candidates and the Company.
 2. The Company has concluded a directors and officers liability insurance contract with an insurance company as provided for in Article 430-3, Paragraph 1 of the Companies Act, and a summary of the contents of the contract is described in page 40 of the Business Report (in Japanese version only). If the election of candidates for Director is approved, they will be included in the parties covered by the said insurance contract.
Also, the insurance contract will be renewed with the same contents at the next time of renewal.

Proposal No. 3 Election of Four Directors Who Are Audit Committee Members

The terms of office of all four Directors who are Audit Committee Members will expire at the conclusion of this meeting. Therefore, the Company proposes the election of four Directors who are Audit Committee Members.

In addition, the consent of the Audit Committee has been obtained for this proposal.

The candidates for Director who is an Audit Committee Member are as follows:

Candidate No.	Name		Current position and area of responsibility in the Company	Number of years in office as a Director	Attendance at Board of Directors meetings and Audit Committee meetings
1	Junichi Kanai	Reelection	Director (Full-time Audit Committee Member)	1 year	Board of Directors meetings: 100% (14/14) Audit Committee meetings: 100% (10/10)
2	Toshihiko Koike	Reelection	Outside Director (Audit Committee Member)	4 years	Board of Directors meetings: 100% (19/19) Audit Committee meetings: 100% (13/13)
3	Takamasa Suzuki	Reelection	Outside Director (Audit Committee Member)	8 years	Board of Directors meetings: 100% (19/19) Audit Committee meetings: 92.3% (12/13)
4	Yoshikane Saito	Reelection	Outside Director (Audit Committee Member)	2 years	Board of Directors meetings: 100% (19/19) Audit Committee meetings: 100% (13/13)

- Notes:
1. The tenure of each candidate in relation to this proposal is as of the conclusion of this meeting.
 2. The numbers of Board of Directors meetings and Audit Committee meetings attended by Junichi Kanai are the numbers of the meetings he has attended since his appointment as Director on June 28, 2022.

Candidate No.	Name (Date of birth)	Career summary, position, and area of responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	<p data-bbox="288 338 582 432">Junichi Kanai Date of birth: November 16, 1960 (62 years old)</p> <p data-bbox="288 465 582 622">Reelection Number of years in office as a Director 1 year</p> <p data-bbox="288 656 582 750">Attendance at Board of Directors meetings 100% (14/14)</p> <p data-bbox="288 784 582 878">Attendance at Audit Committee meetings 100% (10/10)</p>	<p data-bbox="608 264 1241 297">Apr. 1983 Joined the Company</p> <p data-bbox="608 297 1241 392">Mar. 2008 General Manager of Technology Development Division and Manager of Product Development Group</p> <p data-bbox="608 392 1241 459">Mar. 2010 Manager and Supervisor of Development Group, Development Division</p> <p data-bbox="608 459 1241 492">Mar. 2014 General Manager of Manufacturing Division</p> <p data-bbox="608 492 1241 560">Mar. 2017 General Manager of Quality Assurance Division</p> <p data-bbox="608 560 1241 593">Mar. 2019 General Manager of Audit Board Secretariat</p> <p data-bbox="608 593 1241 660">June 2019 General Manager of Audit Committee Secretariat</p> <p data-bbox="608 660 1241 694">Mar. 2020 General Manager of Internal Audit Office</p> <p data-bbox="608 694 1241 761">Mar. 2021 Executive Officer, General Manager of Internal Audit Office</p> <p data-bbox="608 761 1241 828">Mar. 2022 Executive Officer, General Manager of Audit Committee Secretariat</p> <p data-bbox="608 828 1241 896">June 2022 Director (Full-time Audit Committee Member) (current position)</p> <p data-bbox="608 896 1241 952">Significant concurrent positions outside the Company None.</p>	8,700 shares
<p data-bbox="272 958 758 992">Reasons for nomination as candidate for Director</p> <p data-bbox="272 992 1422 1081">Junichi Kanai has held key positions in the Company's Production Dept. and Internal Audit Office, and has abundant experience and insights regarding the Company in general and offers objective opinion from a neutral standpoint. The Company therefore considers him an appropriate candidate as a Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position, and area of responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
2	<p>Toshihiko Koike Date of birth: April 6, 1960 (63 years old)</p> <p>Reelection</p> <p>Outside</p> <p>Number of years in office as an Outside Director 4 years</p> <p>Attendance at Board of Directors meetings 100% (19/19)</p> <p>Attendance at Audit Committee meetings 100% (13/13)</p>	<p>Apr. 1995 Registered as an attorney at law</p> <p>Apr. 1995 Joined Takagi Godo Law Office</p> <p>June 2006 Outside Audit Board Member of Nippon Pigment Company Limited</p> <p>June 2014 Outside Audit Board Member of the Company</p> <p>Oct. 2017 Joined Toranomom Law & Economic Office (current position)</p> <p>June 2019 Outside Director (Audit Committee Member) of the Company (current position)</p> <p>Significant concurrent positions outside the Company Attorney at law, Toranomom Law & Economic Office</p>	1,000 shares
<p>Reasons for nomination as candidate for Outside Director and summary of the expected role</p> <p>Toshihiko Koike has abundant experience and expertise as a lawyer. The Company expects that he will leverage the experience and expertise to help develop its stronger corporate governance. The Company therefore considers him an appropriate candidate as an Outside Director. Although he has not directly involved in corporate management, the Company has decided that he is capable of properly performing his duties as an Outside Director for the above reasons.</p>			

Candidate No.	Name (Date of birth)	Career summary, position, and area of responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
3	<p>Takamasa Suzuki Date of birth: December 3, 1959 (63 years old)</p> <p>Reelection</p> <p>Outside</p> <p>Number of years in office as an Outside Director 8 years</p> <p>Attendance at Board of Directors meetings 100% (19/19)</p> <p>Attendance at Audit Committee meetings 92.3% (12/13)</p>	<p>July 1994 Associate Professor, Faculty of Engineering, Niigata University</p> <p>Sept. 2007 Professor, Advanced Materials Science and Technology, Graduate School of Science and Technology, Niigata University</p> <p>Apr. 2010 Professor, Electrical and Information Engineering, Graduate School of Science and Technology, Niigata University (current position)</p> <p>Apr. 2010 Professor, Department of Electrical and Electronic Engineering, Faculty of Engineering, Niigata University</p> <p>June 2015 Outside Director of the Company</p> <p>Apr. 2017 Professor, Electronics, Information and Communication Engineering Program, School of Engineering, Faculty of Engineering, Niigata University (current position)</p> <p>Apr. 2017 Director of Education Center for Engineering and Technology, Faculty of Engineering, Niigata University</p> <p>Apr. 2017 Associate Dean of Faculty of Engineering, Niigata University</p> <p>June 2019 Outside Director (Audit Committee Member) of the Company (current position)</p> <p>Apr. 2023 Dean of Faculty of Engineering, Niigata University (current position)</p> <p>Significant concurrent positions outside the Company</p> <p>Professor, Electrical and Information Engineering, Graduate School of Science and Technology, Niigata University</p> <p>Professor, Electronics, Information and Communication Engineering Program, School of Engineering, Faculty of Engineering, Niigata University</p> <p>Dean of Faculty of Engineering, Niigata University</p>	4,600 shares
<p>Reasons for nomination as candidate for Outside Director and summary of the expected role</p> <p>Takamasa Suzuki has abundant experience and profound knowledge as a long-time university professor. The Company expects that he will leverage the experience and knowledge to help develop its stronger corporate governance. The Company therefore considers him an appropriate candidate as an Outside Director. Although he has not directly involved in corporate management, the Company has decided that he is capable of properly performing his duties as an Outside Director for the above reasons.</p>			

Candidate No.	Name (Date of birth)	Career summary, position, and area of responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
4	<p>Yoshikane Saito Date of birth: September 19, 1972 (50 years old)</p> <p>Reelection</p> <p>Outside</p> <p>Number of years in office as an Outside Director 2 years</p> <p>Attendance at Board of Directors meetings 100% (19/19)</p> <p>Attendance at Audit Committee meetings 100% (13/13)</p> <p>Note: The name of Yoshikane Saito on the family register is Yoshikane Aichi.</p>	<p>Oct. 1997 Joined KPMG Century Audit Corporation (currently KPMG AZSA LLC)</p> <p>Apr. 2003 Registered as a certified public accountant</p> <p>Sept. 2006 Founder, President Director of Phoenix Accounting Group (current position)</p> <p>June 2021 Outside Director (Audit Committee Member) of the Company (current position)</p> <p>Significant concurrent positions outside the Company President Director of Phoenix Accounting Group</p>	– shares
<p>Reasons for nomination as candidate for Outside Director and summary of the expected role Yoshikane Saito has abundant experience and expertise as a certified public accountant. The Company expects that he will leverage his expertise and experience in corporate management to help develop its stronger corporate governance. The Company therefore considers him an appropriate candidate as an Outside Director.</p>			

- Notes:
1. There is no special interest between any of the candidates and the Company.
 2. Toshihiko Koike, Takamasa Suzuki, and Yoshikane Saito are candidates for Outside Directors.
 3. The Company has entered into agreements with Toshihiko Koike, Takamasa Suzuki, and Yoshikane Saito that limit the liability for damages in Article 423, Paragraph 1 of the Companies Act pursuant to the Company's Articles of Incorporation and the provision of Article 427, Paragraph 1 of the same Act, with the minimum amount of liability specified in Article 425, Paragraph 1 of the same Act being the limit. The Company plans to enter into the same limited liability agreement with each of them if their reelection is approved.
 4. Toshihiko Koike, Takamasa Suzuki, and Yoshikane Saito meet the requirements for independent officers as stipulated by the Tokyo Stock Exchange (TSE), and the Company has accordingly registered them as independent officers with the TSE. The Company plans to continue having them as independent officers if their reelection is approved.
 5. The Company has concluded a directors and officers liability insurance contract with an insurance company as provided for in Article 430-3, Paragraph 1 of the Companies Act, and a summary of the contents of the contract is described in page 40 of the Business Report (in Japanese version only). If the election of candidates for Directors who are Audit Committee Members is approved, they will be included in the parties covered by the said insurance contract. Also, the insurance contract will be renewed with the same contents at the next time of renewal.

(Reference) **Director Skill Matrix (current/candidate)**

The Nomination and Compensation Advisory Committee deliberates on the selection of the Company's candidates for Director, after which the Board of Directors decides on the candidates. Candidates for the Company's Director shall meet the following requirements.

1. Common for all Directors

Candidates for Director must respect the ethos of the Company's management principle, recognize that their role is to fulfill their social responsibility, and be able to practice this responsibility. They should also have excellent character and knowledge and be in good physical and mental health.

2. Executive Director

Must be familiar with the business of the Group, and contribute to the enhancement of the Company's corporate value through strong leadership.

3. Outside Director

Must have sufficient social credibility. Each candidate for Independent Outside Director must be a person who conforms to the independence standards set forth by Tokyo Stock Exchange, Inc.

■ **Details regarding expertise and experience**

Corporate management	Experience in corporate management
Finance/Accounting	Expertise in management accounting, business planning and financial accounting
Legal/Risk	Expertise in risk management and legal affairs
Development/Technology	Experience in research and development
Production/Procurement	Experience in production or procurement
Sales/Marketing	Expertise in sales or research in the sales area
Human resources/Labor	Expertise in human resources development and labor management

■ The matrix indicates the expertise and experience that the Directors (current/candidate) have in particular.

	Yoshimasa Horiuchi	Goichi Sato	Katsumi Kaneko	Norimi Nagasawa
Current/Candidate	Current	Current	Current	Candidate
Current title	President	Director, General Manager of Administration Dept.	Director, General Manager of Production Dept.	Executive Officer, General Manager of Sales Dept.
Number of years in office as a Director	7	2	1	–
Age	63	52	55	56
Corporate management	●	●	●	●
Finance/Accounting	–	●	–	–
Legal/Risk	–	●	–	–
Development/Technology	–	–	●	–
Production/Procurement	–	–	●	–
Sales/Marketing	●	–	–	●
Human resources/Labor	–	●	–	–

	Junichi Kanai	Toshihiko Koike	Takamasa Suzuki	Yoshikane Saito
Current/Candidate	Current	Current	Current	Current
Current title	Director, Full-time Audit Committee Member	Outside Director (Audit Committee Member)	Outside Director (Audit Committee Member)	Outside Director (Audit Committee Member)
Number of years in office as a Director	1	4	8	2
Age	62	63	63	50
Corporate management	–	–	–	●
Finance/Accounting	–	–	–	●
Legal/Risk	●	●	–	●
Development/Technology	●	–	●	–
Production/Procurement	●	–	–	–
Sales/Marketing	–	–	–	–
Human resources/Labor	–	–	●	–

- Notes: 1. Up to four main areas of expertise expected of each candidate are listed.
2. The above list does not show all the experience and expertise possessed by each person.

Proposal No. 4 Revision of the Performance-linked Share-based Remuneration Scheme for Directors (Excluding Audit Committee Members) and Executive Officers

1. Reasons for the proposal and grounds for the appropriateness thereof

The 84th Annual General Meeting of Shareholders held on June 26, 2015 approved the introduction of the Company's performance-linked share-based remuneration scheme for Directors (excluding Outside Directors) and Executive Officers (hereinafter referred to as the "Scheme"). Then, when the Company transitioned to a company with an audit committee, the 88th Annual General Meeting of Shareholders held on June 26, 2019 renewed the approval for the introduction of the Scheme intended for the Company's Directors (excluding those who are Audit Committee Members and Outside Directors) and Executive Officers (hereinafter referred to as "Officers"). This approval has continued to date (the resolution approved at the above General Meeting of Shareholders is hereinafter referred to as the "Original Resolution").

Now, the Company seeks to revise part of the Scheme so that the Scheme will comprise a greater part of executive remuneration, thereby motivating Officers to make a greater effort than before to increase the Company's corporate value. Hence, the Company proposes that this proposal be approved.

This proposal, just as the Original Resolution, aims to prompt Directors to more consciously contribute to the Company's stronger medium- to long-term performance and greater corporate value by linking Directors' remuneration more clearly to the Company's performance and stock value, which means Directors will share with shareholders not only benefits of higher stock prices but also the risk of falling stock prices. Since this is consistent with the Company's "Policy on Remuneration for Individual Directors" (please see the Business Report (Page 41 of this Notice), in Japanese version only), the Company believes that this proposal is appropriate.

The Company makes this proposal in order to pay its Directors remuneration based on the Scheme separate from the maximum remuneration for Directors (up to ¥0.4 billion per year; note that it does not include employee salaries for Directors who also work in their capacity as employees) approved at the 88th Annual General Meeting of Shareholders held on June 26, 2019. Hence, the Company presents the specific calculation method of the amounts of remuneration coupled with specific descriptions for approval. In regard to the details of the Scheme, the Company asks that they be entirely entrusted to the Board of Directors within the framework described in 2. below.

If Proposal No. 2 is approved and adopted in its original form, four Directors (excluding those who are Audit Committee Members and Outside Directors) will be eligible for remuneration under the Scheme.

2. Detailed descriptions of how remuneration, etc. is calculated in the Scheme and what it includes

(The major revisions to the Original Resolution are underlined.)

Under this performance-linked and share-based Scheme, the Company contributes money as a fund to acquire its shares through trust (hereinafter referred to as the “Trust”), so that the shares and the sum of money that is equivalent to the amount converted at the market value of the shares (hereinafter referred to as “the Company’s Shares and the Equivalent”) are provided to Officers through trust. The payment follows the Policy on Shares Provided to Officers established by the Company. As a rule, each Officer of the Company receives the Company’s Shares and the Equivalent when he/she retires as an Officer.

(1) Persons eligible for remuneration under the Scheme	Officers of the Company (Outside Directors are not eligible.)
(2) Method of acquiring the Company’s shares and the number of shares to acquire	Shares are acquired through the stock market, or by undertaking the disposal of the Company’s treasury shares, with the contributed money as a fund. (*1) (*2) (*3) Up to <u>220,000</u> points are granted to Officers every three fiscal years. This means that the Trust acquires up to <u>220,000</u> shares in the Company over the Period.
(3) Method of calculating the number of shares in the Company to be provided and the maximum number of the Company’s Shares and the Equivalent to be provided	<u>The number of points to be granted for each fiscal year is determined in accordance with the Policy on Shares Provided to Officers, taking account of responsibilities, levels of achievements, etc. during the fiscal year.</u> Each point granted is counted as one share in the Company when <u>the Company’s Shares and the Equivalent</u> are provided as stated in (4). (*4) The number of points granted to Directors every three fiscal years is up to <u>110,000</u> in total, and the number of points granted to Executive Officers every three fiscal years is up to <u>110,000</u> in total. (*5)
(4) Detailed description of how the Company’s Shares and the Equivalent are provided as well as how the amounts of remuneration are calculated	When a retired Officer of the Company meets the requirements as a beneficiary specified in the Policy on Shares Provided to Officers, a given procedure for qualifying him/her as a beneficiary is completed so that the Trust provides the Company’s Shares and the Equivalent set forth in (3) above after his/her retirement. (*6)
(5) Voting rights pertaining to shares in the Trust	None of these voting rights are exercised according to the instructions of the trust administrator. (*7)
(6) Handling of dividends	The Trust receives dividends in order to allocate them to the acquisition of shares in the Company and to trust fees paid to the trustee for the Trust, etc. (*8)
(7) Termination of trust	Trust is terminated if any reason arises, such as that the Company’s shares have been delisted or the Policy on Shares Provided to Officers has been abolished. (*9)

(*1) The Company applies the Scheme to the three fiscal years between the year that ended on the last day of March 2022 and the year that ends on the last day of March 2024 (hereinafter referred to as the “Current Period”; the Current Period as well as each of the three-year-periods that follow are referred to as the “Period”), and to each of the Periods thereafter, and has arranged the Trust accordingly. The Trust uses the money entrusted by the Company as the fund to acquire shares in the Company.

(*2) After the Current Period, the Company contributes to the Trust an additional fund deemed necessary for the Trust to acquire in advance the number of shares that are reasonably expected to be needed for provision to Officers for the next three fiscal years (hereinafter referred to as the “Next Period”) based on the Scheme, and it continues to do so basically every three fiscal years until the Scheme is terminated. Note that, when this additional contribution is made, if any shares in the Company (excluding those that are equivalent to the number of points granted to Officers and are to be provided to Officers) and amount of money remain in the Trust (hereinafter referred to as “Remaining Shares and Money”) immediately before the first date of the Next Period, these Remaining Shares and Money are allocated to the fund for provision based on the Scheme for a later Period or to the fund for share acquisition. Hence, these Remaining Shares and Money are taken into account when the additional contribution for the Next Period is calculated. Any additional contribution determined by the Board of Directors is properly disclosed in a timely manner.

(*3) When the 10,000 shares (the maximum number of shares to acquire) related to Proposal No. 5 is combined, the total is up to 230,000 shares. The acquisition of the Company’s shares by the Trust is properly disclosed in a timely manner.

- (*4) If the Company splits its shares, allots its shares without contribution, or consolidates its shares after this proposal is approved, reasonable adjustments are made to the conversion rate or to the points that have already been granted and the upper limit of points to be granted according to the rate used for the split, allotment, or consolidation.
- (*5) The number of points granted to Officers has been determined after comprehensive consideration of the current level of the price of the Company's shares, changes in the number of the Officers of the Company, and the future outlook, among others, and thus the Company has decided that it is appropriate.
- (*6) When the requirements prescribed in the Policy on Shares Provided to Officers are met, a certain proportion of the Company's shares that the Officer receives is provided as a sum of money that is equivalent to the market value of the shares. The Trust may sell the Company's shares in order to provide the sum in lieu of shares. The remuneration that each Officer receives is based on the amount that is calculated, when points are given, by multiplying the sum of points to be granted to the Officer by the book value per share in the Company held by the Trust (note that if the Company splits its shares, allots its shares without contribution, or consolidates its shares, reasonable adjustments are made according to the rate used for the split, allotment, or consolidation). When a sum of money is provided as an exception in accordance with the provision in the Policy on Shares Provided to Officers, it is added to the remuneration if acknowledged as appropriate.
- (*7) This approach is intended to ensure neutrality for the management of the Company in relation to exercise of voting rights pertaining to the Company's shares in the Trust.
- (*8) If the Trust has any remaining dividends, etc. when it is terminated, these dividends, etc. will be prorated and paid to incumbent eligible persons (including those eligible persons to which Proposal No. 5 applies) according to the number of points they hold.
- (*9) The Company plans to acquire all its shares among residual assets in the Trust without compensation and have them cancelled by resolution of the Board of Directors should the Trust be terminated. As for money among residual assets in the Trust, the sum that will be provided to eligible persons in accordance with (6) above will be subtracted from it, and the remaining amount will be paid to the Company, should the Trust be terminated.

Proposal No. 5 Revision of the Share-based Remuneration Scheme for Directors Who Are Audit Committee Members

1. Reasons for the proposal and grounds for the appropriateness thereof

The 84th Annual General Meeting of Shareholders held on June 26, 2015 approved the introduction of the Company's performance-linked share-based remuneration scheme for Audit Board Members (excluding Outside Audit Board Members) (hereinafter referred to as the "Scheme"). Then, when the Company transitioned to a company with an audit committee, the 88th Annual General Meeting of Shareholders held on June 26, 2019 renewed the approval for the introduction of the Scheme intended for the Company's Directors who are Audit Committee Members (excluding Outside Directors; hereinafter referred to as "Audit Committee Members"). This approval has continued to date (the resolution approved at the above General Meeting of Shareholders is hereinafter referred to as the "Original Resolution").

Now, the Company seeks to revise part of the Scheme so that the Scheme will be designed to correspond to the roles of the Audit Committee Members while comprising a greater part of executive remuneration, thereby motivating greater efforts than before to increase the Company's corporate value appropriately. Hence, the Company proposes that this proposal be approved.

This proposal, just as the Original Resolution, aims to motivate the Company's Audit Committee Members to work toward greater social recognition of the Company by ensuring sound management and public trust, and the Company believes that this proposal is appropriate.

The Company makes this proposal in order to pay its Audit Committee Members remuneration based on the Scheme separate from the maximum remuneration for Audit Committee Members (up to ¥50 million per year) approved at the 88th Annual General Meeting of Shareholders held on June 26, 2019. Hence, the Company presents the specific calculation method of the amounts of remuneration coupled with specific descriptions for approval. In regard to the details of the Scheme, the Company asks that they be entirely entrusted to discussions held by Directors who are Audit Committee Members within the framework described in 2. below.

If Proposal No. 3 is approved and adopted in its original form, one Audit Committee Member will be eligible for remuneration under the Scheme.

2. Detailed descriptions of how remuneration, etc. is calculated in the Scheme and what it includes

(The major revisions to the Original Resolution are underlined.)

Under this share-based Scheme, the Company contributes money as a fund to acquire its shares through trust (hereinafter referred to as the “Trust”), so that the shares and the sum of money that is equivalent to the amount converted at the market value of the shares (hereinafter referred to as “the Company’s Shares and the Equivalent”) are provided to Audit Committee Members through trust. The payment follows the Policy on Shares Provided to Officers established by the Company. As a rule, each Audit Committee Member of the Company receives the Company’s Shares and the Equivalent when he/she retires as an Audit Committee Member.

(1) Persons eligible for remuneration under the Scheme	Audit Committee Members of the Company (Outside Directors are not eligible.)
(2) Method of acquiring the Company’s shares and the number of shares to acquire	Shares are acquired through the stock market, or by undertaking the disposal of the Company’s treasury shares, with the contributed money as a fund. (*1) (*2) (*3) Up to <u>10,000</u> points are granted to Audit Committee Members every three fiscal years. This means that the Trust acquires up to <u>10,000</u> shares in the Company over the Period.
(3) Method of calculating the number of shares in the Company to be provided and the maximum number of the Company’s Shares and the Equivalent to be provided	<u>The number of points to be granted for each fiscal year is determined in advance in accordance with the Policy on Shares Provided to Officers, taking account of responsibilities, etc. during the fiscal year.</u> Each point granted is counted as one share in the Company when <u>the Company’s Shares and the Equivalent</u> are provided as stated in (4). (*4) The number of points granted to Audit Committee Members every three fiscal years is up to 10,000 in total. (*5)
(4) Detailed description of how the Company’s Shares and the Equivalent are provided as well as how the amounts of remuneration are calculated	When a retired Audit Committee Member of the Company meets the requirements as a beneficiary specified in the Policy on Shares Provided to Officers, a given procedure for qualifying him/her as a beneficiary is completed so that the Trust provides the Company’s Shares and the Equivalent set forth in (3) above after his/her retirement. (*6)
(5) Voting rights pertaining to shares in the Trust	None of these voting rights are exercised according to the instructions of the trust administrator. (*7)
(6) Handling of dividends	The Trust receives dividends in order to allocate them to the acquisition of shares in the Company and to trust fees paid to the trustee for the Trust, etc. (*8)
(7) Termination of trust	Trust is terminated if any reason arises, such as that the Company’s shares have been delisted or the Policy on Shares Provided to Officers has been abolished. (*9)

(*1) The Company applies the Scheme to the three fiscal years between the year that ended on the last day of March 2022 and the year that ends on the last day of March 2024 (hereinafter referred to as the “Current Period”; the Current Period as well as each of the three-year-periods that follow are referred to as the “Period”), and to each of the Periods thereafter, and has arranged the Trust accordingly. The Trust uses the money entrusted by the Company as the fund to acquire shares in the Company.

(*2) After the Current Period, the Company contributes to the Trust an additional fund deemed necessary for the Trust to acquire in advance the number of shares that are reasonably expected to be needed for provision to Audit Committee Members for the next three fiscal years (hereinafter referred to as the “Next Period”) based on the Scheme, and it continues to do so basically every three fiscal years until the Scheme is terminated. Note that, when this additional contribution is made, if any shares in the Company (excluding those that are equivalent to the number of points granted to Audit Committee Members and are to be provided to Audit Committee Members) and amount of money remain in the Trust (hereinafter referred to as “Remaining Shares and Money”) immediately before the first date of the Next Period, these Remaining Shares and Money are allocated to the fund for provision based on the Scheme for a later Period or to the fund for share acquisition. Hence, these Remaining Shares and Money are taken into account when the additional contribution for the Next Period is calculated. Any additional contribution determined by the Board of Directors is properly disclosed in a timely manner.

(*3) When the 220,000 shares (the maximum number of shares to acquire) related to Proposal No. 4 is combined, the total is up to 230,00 shares. The acquisition of the Company’s shares by the Trust is properly disclosed in a timely manner.

- (*4) If the Company splits its shares, allots its shares without contribution, or consolidates its shares after this proposal is approved, reasonable adjustments are made to the conversion rate or to the points that have already been granted and the upper limit of points to be granted according to the rate used for the split, allotment, or consolidation.
- (*5) The number of points granted to Audit Committee Members has been determined after comprehensive consideration of the current level of the price of the Company's shares, changes in the number of the Audit Committee Members of the Company, and the future outlook, among others, and thus the Company has decided that it is appropriate.
- (*6) When the requirements prescribed in the Policy on Shares Provided to Officers are met, a certain proportion of the Company's shares that the Audit Committee Member receives is provided as a sum of money that is equivalent to the market value of the shares. The Trust may sell the Company's shares in order to provide the sum in lieu of shares. The remuneration that each Audit Committee Member receives is based on the amount that is calculated, when points are given, by multiplying the sum of points to be granted to the Audit Committee Member by the book value per share in the Company held by the Trust (note that if the Company splits its shares, allots its shares without contribution, or consolidates its shares, reasonable adjustments are made according to the rate used for the split, allotment, or consolidation). When a sum of money is provided as an exception in accordance with the provision in the Policy on Shares Provided to Officers, it is added to the remuneration if acknowledged as appropriate.
- (*7) This approach is intended to ensure neutrality for the management of the Company in relation to exercise of voting rights pertaining to the Company's shares in the Trust.
- (*8) If the Trust has any remaining dividends when it is terminated, these dividends will be prorated and paid to incumbent eligible persons (including those eligible persons to which Proposal No. 4 applies) according to the number of points they hold.
- (*9) The Company plans to acquire all its shares among residual assets in the Trust without compensation and have them cancelled by resolution of the Board of Directors should the Trust be terminated. As for money among residual assets in the Trust, the sum that will be provided to eligible persons in accordance with (6) above will be subtracted from it, and the remaining amount will be paid to the Company, should the Trust be terminated.