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Securities Code: 9960

June 6, 2023

To Our Shareholders:

Katsumi Nagao
Representative Director and President
TOTECH CORPORATION
3-11-11, Nihonbashi Honcho, Chuo-ku, Tokyo,
Japan

Notice of the 68th Annual General Meeting of Shareholders

We are pleased to notify you that the 68th Annual General Meeting of Shareholders of TOTECH CORPORATION (the “Company”) will be held as follows.

In convening this Annual General Meeting of Shareholders, the Company has taken the measure of electronically providing the information contained in the Reference Documents for the General Meeting of Shareholders, etc. (matters to be provided electronically) and posted it on the Company’s website on the Internet as the “Notice of the 68th Annual General Meeting of Shareholders.” Please access the Company’s website below to confirm the contents.

The Company’s website:

<https://www.totech.co.jp/> (in Japanese)

In addition to posting matters subject to measures for electronic provision on the website above, the Company also posts this information on the website of Tokyo Stock Exchange, Inc. (TSE). To access this information from the latter website, access the TSE website (Listed Company Search) by using the internet address shown below, enter the issue name (company name) or securities code, and click “Search,” and 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.”

TSE website (Listed Company Search):

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

Instead of attending the meeting, you may exercise your voting rights in writing or via the Internet. You are hereby kindly asked to exercise your voting rights by 5:30 p.m. on Tuesday, June 27, 2023 (JST), by either indicating your approval or disapproval on the Voting Rights Exercise Form sent together with this Notice of Convocation and return it to the Company so that it will be received by us by then, or indicating your approval or disapproval on a voting rights exercise website specified by the Company after reviewing the Reference Documents for the General Meeting of Shareholders mentioned below.

1. Date and Time: Wednesday, June 28, 2023, at 10:00 a.m. (JST) (Reception starts at 9:30 a.m.)

2. Venue: 3-11-11, Nihonbashi Honcho, Chuo-ku, Tokyo, Japan
10th floor of the Totech Group Headquarters

3. Objective

Items to be reported:

1. The 68th Fiscal Year (from April 1, 2022, to March 31, 2023)
Business Report, Consolidated Financial Statements, and Audit Results of Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Board
2. The 68th Fiscal Year (from April 1, 2022, to March 31, 2023)
Non-Consolidated Financial Statements

For the treatment of matters to be reported, please refer to “Holding of the Continuation Meeting of the 68th Annual General Meeting of Shareholders” on page 3 for more details.

Items to be resolved:

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| Proposal No. 1 | Appropriation of Surplus |
| Proposal No. 2 | Partial Amendments to the Articles of Incorporation |
| Proposal No. 3 | Election of Six Directors (Excluding Directors Who Are Audit and Supervisory Committee Members) |
| Proposal No. 4 | Election of Three Directors Who Are Audit and Supervisory Committee Members |
| Proposal No. 5 | Establishment of the Amount of Remuneration for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members) |
| Proposal No. 6 | Establishment of the Amount of Remuneration for Directors Who Are Audit and Supervisory Committee Members |
| Proposal No. 7 | Decision of Remuneration for Granting Restricted Stock to Directors (Excluding Directors Who Are Audit and Supervisory Committee Members and Outside Directors) |

4. Information on Exercise of Voting Rights, etc.

See Information on Voting Rights Exercise shown on page 4 (Japanese only).

- When attending the meeting, please submit the Voting Rights Exercise Form to the reception desk.
- If revisions to the matters subject to measures for electronic provision arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on the aforementioned Company’s website and the TSE website.
- There will be no souvenirs or reception for shareholders attending the General Meeting of Shareholders. Thank you for your understanding.

Holding of the Continuation Meeting of the 68th Annual General Meeting of Shareholders

The 68th Annual General Meeting of Shareholders (hereinafter referred to as the “General Meeting”) is due to be held on June 28, 2023. Among the items of the objective, the Company was planning to report the 68th Fiscal Year (from April 1, 2022, to March 31, 2023) Business Report, Consolidated Financial Statements, Audit Results of Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Board, and the 68th Fiscal Year (from April 1, 2022, to March 31, 2023) Non-consolidated Financial Statements (hereinafter collectively referred to as the “68th Fiscal Year Financial Statements”) to the shareholders at the General Meeting.

However, as stated in the “Notification of Establishment of Special Investigation Committee and Postponement of Announcement of FY3/2023 Financial Results,” a timely disclosure posted on May 10, 2023, we established the Special Investigation Committee consisting of outside attorneys and certified public accountants and have been currently conducting an investigation. The investigation is still ongoing, and since it is expected that a considerable amount of time will be required for the investigation and audit procedures by the financial auditor, the procedures related to the settlement of accounts have not been completed at this point in time. Therefore, we made the decision that there is no choice but to abandon reporting the 68th Fiscal Year Financial Statements at the General Meeting.

We would therefore like to hold the Continuation Meeting of the General Meeting (hereinafter referred to as the “Continuation Meeting”) separately and report the 68th Fiscal Year Financial Statements in that meeting. Additionally, we would like to ask the shareholders whether to leave the decision on the date, time and place of the Continuation Meeting to the Board of Directors’ discretion (hereinafter referred to as the “Proposal”) at the General Meeting.

Upon approval of the Proposal at the General Meeting, we will send a notice of the Continuation Meeting to the shareholders and would like to convene the Continuation Meeting. Furthermore, the 68th Fiscal Year Business Report, Consolidated Financial Statements, Non-consolidated Financial Statements and Audit Results will be provided electronically following the completion of the procedures related to the settlement of accounts, and will be sent together with the notice of the Continuation Meeting.

Since the Continuation Meeting will be a part of the General Meeting, the shareholders who are entitled to attend the Continuation Meeting will be the same shareholders who are entitled to vote at the General Meeting.

We sincerely apologize to the shareholders for any inconvenience and concern this may cause.

Note: The Company will shift to a company with an audit and supervisory committee upon the adjournment of this General Meeting following the approval of Proposal No. 2 “Partial Amendments to the Articles of Incorporation.” In the event that the Continuation Meeting is held, depending on the schedule of the audit report, the “Audit & Supervisory Board” in the 68th Fiscal Year Financial Statements may become the “Audit and Supervisory Committee.”

Reference Documents for the General Meeting of Shareholders

Proposal No. 1 Appropriation of Surplus

The Company proposes the appropriation of surplus as follows:

1. Year-end dividends

The Company has given consideration to matters including the business performance of the fiscal year and future business development, and it proposes to pay year-end dividends of the fiscal year as follows:

- Type of dividend property
Cash
- Allotment of dividend property and their aggregate amount
¥113 per common share of the Company
Total dividends: ¥1,555,030,742
- Effective date of dividends of surplus
June 29, 2023

2. Other appropriation of surplus

The Company proposes internal-reserves as follows in order to strengthen its management base in preparation for future aggressive business development:

- Item of surplus to be decreased and amount of decrease
Retained earnings brought forward: ¥2,000,000,000
- Item of surplus to be increased and amount of increase
General-reserve: ¥2,000,000,000

<Reference>

- The Company's dividend policy

The Company regards a return of profits to shareholders as a significant business management measure and has a basic policy of distributing results supported by its business performance while working to improve its profitability and bolster its financial structure through an effective business operation. We seek a consolidated dividend payout ratio of 40% as a specific indicator for the policy and will pay dividends in a continual and steady manner in accordance with our business performance.

Proposal No. 2 Partial Amendments to the Articles of Incorporation

1. Reason for proposal

- (1) The Company will shift to a company with an audit and supervisory committee in order to enhance the supervisory function of the Board of Directors and strengthen the corporate governance, thereby further increasing management transparency and enabling faster decision-making. The Company hereby proposes the necessary amendments to its Articles of Incorporation, including the establishment of new provisions regarding the Audit and Supervisory Committee and its members, and the deletion of provisions regarding the Audit & Supervisory Board and its members,
- (2) We propose amending the provision of Article 28 of the current Articles of Incorporation in order to enable the Company to enter into limited liability agreements with Directors other than the Directors responsible for the execution of business. We have obtained the consent of each Audit & Supervisory Board Member for this amendment.
- (3) In order to establish a flexible capital policy and dividend policy, the Company proposes the establishment of Article 40 (Decision-making body for such dividends of surplus) in the Articles of Incorporation as shown in the proposed amendments to enable the Board of Directors to determine dividends of surplus, etc., in accordance with the provisions of Article 459, paragraph (1) of the Companies Act.
- (4) We propose other necessary changes, including amendments of the article numbers, following the above changes.

The amendments to the Articles of Incorporation in this proposal will become effective at the time of adjournment of the General Meeting (at the conclusion of deliberations on June 28, 2023).

2. Description of changes

The description of changes is as follows.

(Each underlined part denotes a change.)

Current Articles of Incorporation	Proposed amendment
(Acquisition of treasury shares)	(Deleted)
Article 6. Pursuant to the provisions of Article 165, paragraph (2) of the Companies Act, the <u>Company may acquire treasury shares through market transactions and other methods as stipulated in paragraph (1) of the same article upon resolution of the Board of Directors.</u>	
(Number of shares per share unit)	(Number of shares per share unit)
Article 7. (Text omitted)	Article 6. (As present)
(Share handling regulations)	(Share handling regulations)
Article 8. (Text omitted)	Article 7. (As present)
(Shareholder register administrator)	(Shareholder register administrator)
Article 9. (Text omitted)	Article 8. (As present)
(Record date)	(Record date)
Article 10. (Text omitted)	Article 9. (As present)
Chapter III General Meeting of Shareholders	Chapter III General Meeting of Shareholders
(Convocation)	(Convocation)
Article 11. (Text omitted)	Article 10. (As present)
(Convener and chairmanship of General Meeting of Shareholders)	(Convener and chairmanship of General Meeting of Shareholders)
Article 12. (Text omitted)	Article 11. (As present)
(Electronic provision measure, etc.)	(Electronic provision measure, etc.)
Article 13. (Text omitted)	Article 12. (As present)
(Method for making resolutions)	(Method for making resolutions)
Article 14. (Text omitted)	Article 13. (As present)
(Proxy voting)	(Proxy voting)
Article 15. (Text omitted)	Article 14. (As present)
(Minutes)	(Minutes)
Article 16. (Text omitted)	Article 15. (As present)

Current Articles of Incorporation	Proposed amendment
<p style="text-align: center;">Chapter IV Directors and Board of Directors</p> <p>(Number of Directors) Article 17. The Company shall have no more than 10 Directors.</p> <p style="text-align: center;">(Newly established)</p> <p>(Method of appointment) Article 18. 1. Directors shall be elected by a resolution of a general meeting of shareholders.</p> <p>2. The resolution to elect Directors shall be adopted by a majority of the votes of the shareholders present at the general meeting of shareholders where one-third or more of the shareholders who are entitled to exercise their voting rights are present.</p> <p>3. The resolution to elect Directors shall not be by cumulating voting.</p> <p>(Term of office) Article 19. 1. The term of office of Directors shall expire at the conclusion of the general meeting of shareholders for the last fiscal year ending within one year after their election.</p> <p style="text-align: center;">(Newly established)</p> <p>2. The term of office of <u>Directors</u> who were elected to <u>increase or fill vacancies</u> shall expire at the end of the term of office of <u>the Directors in office</u>.</p> <p>(Establishment of the Board of Directors) Article 20. (Text omitted)</p> <p>(Representative Director and Directors with special titles) Article 21. 1. The Representative Director shall be elected by a resolution of the Board of Directors.</p> <p>2. The Board of Directors shall select one Director and President, and may select <u>one Director and Advisor, one Director and Chairperson, and a few Directors and Vice Presidents, Managing Executive Directors, and Executive Directors</u> as necessary by resolutions.</p> <p>(Persons authorized to convene Board of Directors meeting and chair) Article 22. (Text omitted)</p> <p>(Notice of a meeting of the Board of Directors) Article 23. 1. Notice of a meeting of the Board of Directors shall be given to each Director <u>and each Audit & Supervisory Board Member</u> at least three days prior to the date of the meeting. However, this period may be shortened in cases of urgent necessity.</p> <p>2. With the unanimous consent of all Directors <u>and Audit & Supervisory Board Members</u>, a meeting of the Board of Directors may be held without following the procedures for convening a meeting.</p>	<p style="text-align: center;">Chapter IV Directors and Board of Directors</p> <p>(Number of Directors) Article 16. <u>1. The Company shall have no more than 10 Directors (excluding Directors who are Audit and Supervisory Committee members).</u></p> <p><u>2. The Company shall have no more than four Directors who are Audit and Supervisory Committee members.</u></p> <p>(Method of appointment) Article 17. 1. Directors shall be elected by a resolution of a general meeting of shareholders, <u>which distinguishes between Audit and Supervisory Committee members and other Directors.</u></p> <p>2. The resolution to elect Directors shall be adopted by a majority of the votes of the shareholders present at the general meeting of shareholders where one-third or more of the shareholders who are entitled to exercise their voting rights are present.</p> <p>3. The resolution to elect Directors shall not be by cumulating voting.</p> <p>(Term of office) Article 18. 1. The term of office of Directors shall expire at the conclusion of the general meeting of shareholders for the last fiscal year ending within one year after their election.</p> <p><u>2. Notwithstanding the provisions of the preceding paragraph, the term of office of the Audit and Supervisory Committee members shall expire at the conclusion of the general meeting of shareholders for the last fiscal year ending within two years after their election.</u></p> <p><u>3. The term of office of an Audit and Supervisory Committee member</u> who was elected to fill a vacancy shall expire at the end of the term of office of <u>the retired Audit and Supervisory Committee member.</u></p> <p>(Establishment of the Board of Directors) Article 19. (As present)</p> <p>(Representative Director and Directors with special titles) Article 20. 1. The Representative Director shall be elected <u>from among Directors who are not Audit and Supervisory Committee members</u> by a resolution of the Board of Directors.</p> <p>2. The Board of Directors shall select one Director and President, and may select a few <u>Directors with special titles</u> as necessary by resolutions.</p> <p>(Persons authorized to convene Board of Directors meeting and chair) Article 21. (As present)</p> <p>(Notice of a meeting of the Board of Directors) Article 22. 1. Notice of a meeting of the Board of Directors shall be given to each Director at least three days prior to the date of the meeting. However, this period may be shortened in cases of urgent necessity.</p> <p>2. With the unanimous consent of all Directors, a meeting of the Board of Directors may be held without following the procedures for convening a meeting.</p>

Current Articles of Incorporation	Proposed amendment
<p>(Method of resolution, etc. by the Board of Directors) Article 24.</p> <ol style="list-style-type: none"> Resolutions of the Board of Directors shall be adopted by a majority of the votes of the Directors present at the meeting where a majority of the Directors who are entitled to participate in the vote are present. The Company shall deem that a matter for resolution to be resolved at the meeting of the Board of Directors has been adopted if all of the Directors (limited to those who may participate in voting on such matters) have indicated their consent in writing or by electromagnetic record. <u>However, this shall not apply if the Audit & Supervisory Board Members object to such matters to be resolved.</u> <p style="text-align: center;">(Newly established)</p>	<p>(Method of resolution etc. by the Board of Directors, etc.) Article 23.</p> <ol style="list-style-type: none"> Resolutions of the Board of Directors shall be adopted by a majority of the votes of the Directors present at the meeting where a majority of the Directors who are entitled to participate in the vote are present. The Company shall deem that a matter for resolution to be resolved at the meeting of the Board of Directors has been adopted if all of the Directors (limited to those who may participate in voting on such matters) have indicated their consent in writing or by electromagnetic record. <p><u>(Delegation of business execution decisions to Directors)</u> <u>Article 24. The Company may, pursuant to Article 399-13, paragraph (6) of the Companies Act, delegate all or part of the decision-making authority for the execution of important business affairs (excluding the matters listed in each item of paragraph [5] of the same Article) to the Directors by resolutions of the Board of Directors.</u></p>
<p>(Minutes of the Board of Directors meetings) Article 25.</p> <ol style="list-style-type: none"> The minutes of the meetings of the Board of Directors shall be prepared in writing or on electromagnetic records as provided by law, and the Directors <u>and the Audit & Supervisory Board Members</u> present at the meeting shall sign, affix their names and seals thereto, or put their electronic signatures thereon. The minutes of the meetings as stipulated in <u>the preceding</u> Article, paragraph (2) shall be prepared in writing or on electromagnetic records as provided by law. 	<p>(Minutes of the Board of Directors meetings) Article 25.</p> <ol style="list-style-type: none"> The minutes of the meetings of the Board of Directors shall be prepared in writing or on electromagnetic records as provided by law, and the Directors present at the meeting shall sign, affix their names and seals thereto, or put their electronic signatures thereon. The minutes of the meetings as stipulated in <u>Article 23</u>, paragraph (2) shall be prepared in writing or on electromagnetic records as provided by law.
<p>(Remuneration, etc.) Article 27. Remuneration, bonuses, and other property benefits to be received from the Company as compensation for the performance of duties by Directors (hereinafter referred to as “Remuneration, etc.”) shall be determined by resolutions of a general meeting of shareholders.</p>	<p>(Remuneration, etc.) Article 27. Remuneration, bonuses, and other property benefits to be received from the Company as compensation for the performance of duties by Directors (hereinafter referred to as “Remuneration, etc.”) shall be determined by resolutions of a general meeting of shareholders, <u>which distinguishes between Audit and Supervisory Committee members and other Directors.</u></p>
<p>(Exemption of Directors from liability) Article 28.</p> <ol style="list-style-type: none"> The Company may, pursuant to Article 426, paragraph (1) of the Companies Act, by the resolution of the Board of Directors exempt Directors (including those who were previously Directors) from liability for damages under Article 423, paragraph (1) of the same act to the extent permitted by law. Pursuant to Article 427, paragraph (1) of the Companies Act, the Company may enter into agreements with <u>the outside Directors</u> to limit their liability for damages under Article 423, paragraph (1) of the said act. However, the maximum amount of liability for damages based on such contracts shall be the amount stipulated by law. 	<p>(Exemption of Directors from liability) Article 28.</p> <ol style="list-style-type: none"> The Company may, pursuant to Article 426, paragraph (1) of the Companies Act, by the resolution of the Board of Directors exempt Directors (including those who were previously Directors) from liability for damages under Article 423, paragraph (1) of the same act to the extent permitted by law. Pursuant to Article 427, paragraph (1) of the Companies Act, the Company may enter into agreements with <u>the Directors (excluding those who are such as Directors of execution of business)</u> to limit their liability for damages under Article 423, paragraph (1) of the said act. However, the maximum amount of liability for damages based on such contracts shall be the amount stipulated by law.
<p style="text-align: center;">Chapter V <u>Audit & Supervisory Board Members and Audit & Supervisory Board</u></p> <p>(Establishment of <u>Audit & Supervisory Board Members and the Audit & Supervisory Board</u>) Article 29. The Company shall have <u>Audit & Supervisory Board Members and the Audit & Supervisory Board.</u></p>	<p style="text-align: center;">Chapter V <u>Audit and Supervisory Committee</u></p> <p>(Establishment of the <u>Audit and Supervisory Committee</u>) Article 29. The Company shall have <u>the Audit and Supervisory Committee.</u></p>

Current Articles of Incorporation	Proposed amendment
<p>(Number of Audit & Supervisory Board Members) Article 30. The Company shall have no more than four <u>Audit & Supervisory Board Members.</u></p>	<p>(Deleted)</p>
<p>(Method of appointment) Article 31. 1. <u>Audit & Supervisory Board Members shall be elected by resolutions of the general meeting of shareholders.</u> 2. <u>The resolution for the election of Audit & Supervisory Board Members shall be adopted by a majority of the votes of the shareholders present at the general meeting of shareholders where one-third or more of the shareholders who are entitled to exercise their voting rights are present.</u></p>	<p>(Deleted)</p>
<p>(Term of office) Article 32. 1. <u>The term of office of Audit & Supervisory Board Members shall expire at the conclusion of the general meeting of shareholders for the last fiscal year ending within four years after their election.</u> 2. <u>The term of office of an Audit & Supervisory Board Member who was elected to fill the vacancy of an Audit & Supervisory Board Member who retired before the expiration of his/her term of office shall expire when the term of office of the retired Audit & Supervisory Board Member expires.</u></p>	<p>(Deleted)</p>
<p>(Full-time Audit & Supervisory Board Members) Article 33. <u>Audit and Supervisory Board shall select full-time Audit & Supervisory Board Members from among the Audit & Supervisory Board Members.</u></p>	<p>(Full-time <u>Audit and Supervisory Committee members</u>) Article 30. <u>Audit and Supervisory Committee may select full-time Audit and Supervisory Committee members from among the Audit and Supervisory Committee members by its resolution.</u></p>
<p>(Notice of a meeting of the <u>Audit & Supervisory Board</u>) Article 34. 1. <u>Notice of a meeting of the Audit & Supervisory Board shall be given to each Audit & Supervisory Board Member at least three days prior to the date of the meeting. However, this period may be shortened in cases of urgent necessity.</u> 2. <u>With the unanimous consent of all members of the Audit & Supervisory Board, a meeting of the Audit & Supervisory Board may be held without following the procedures for convening a meeting.</u></p>	<p>(Notice of a meeting of the <u>Audit and Supervisory Committee</u>) Article 31. 1. <u>Notice of a meeting of the Audit and Supervisory Committee shall be given to each Audit and Supervisory Committee member at least three days prior to the date of the meeting. However, this period may be shortened in cases of urgent necessity.</u> 2. <u>With the unanimous consent of all members of the Audit and Supervisory Committee, a meeting of the Audit and Supervisory Committee may be held without following the procedures for convening a meeting.</u></p>
<p>(Method of resolution of the <u>Audit & Supervisory Board</u>) Article 35. <u>Except as otherwise provided by law, resolutions of the Audit & Supervisory Board shall be adopted by a majority of the votes of the Audit & Supervisory Board Members.</u></p>	<p>(Method of resolution of the <u>Audit and Supervisory Committee</u>) Article 32. <u>Resolutions of the Audit and Supervisory Committee shall be adopted by a majority of the votes of the Audit and Supervisory Committee members present at the meeting where a majority of the Audit and Supervisory Committee members who may participate in the vote are present.</u></p>
<p>(Minutes of the <u>Audit & Supervisory Board</u> meetings) Article 36. <u>The minutes of the meetings of the Audit & Supervisory Board shall be prepared in writing or on electromagnetic records as provided by law, and the Audit & Supervisory Board Members present at the meeting shall sign, affix their names and seals thereto, or put their electronic signatures thereon.</u></p>	<p>(Minutes of the <u>Audit and Supervisory Committee</u> meetings) Article 33. <u>The minutes of the meetings of the Audit and Supervisory Committee shall be prepared in writing or on electromagnetic records as provided by law, and the Audit and Supervisory Committee members present at the meeting shall sign, affix their names and seals thereto, or put their electronic signatures thereon.</u></p>
<p>(Rules and regulations of the <u>Audit & Supervisory Board</u>) Article 37. <u>Matters concerning the Audit & Supervisory Board shall be governed by the Rules and Regulations of the Audit & Supervisory Board established by the Audit & Supervisory Board in addition to laws and regulations or the Articles of Incorporation.</u></p>	<p>(Rules and regulations of the <u>Audit and Supervisory Committee</u>) Article 34. <u>Matters concerning the Audit and Supervisory Committee shall be governed by the Rules and Regulations of the Audit and Supervisory Committee established by the Audit and Supervisory Committee in addition to laws and regulations or the Articles of Incorporation.</u></p>

Current Articles of Incorporation	Proposed amendment
(Remuneration, etc.)	(Deleted)
Article 38. <u>Remuneration, etc. of Audit & Supervisory Board Members shall be determined by resolutions of a general meeting of shareholders.</u>	(Deleted)
(Exemption of Audit & Supervisory Board Members from liability)	(Deleted)
Article 39.	
1. <u>The Company may, pursuant to Article 426, paragraph (1) of the Companies Act, by the resolution of the Board of Directors exempt Audit & Supervisory Board Members (including those who were previously Audit & Supervisory Board Members) from liability for damages under Article 423, paragraph (1) of the same act to the extent permitted by law.</u>	
2. <u>Pursuant to Article 427, paragraph (1) of the Companies Act, the Company may enter into agreements with the outside Audit & Supervisory Board Members to limit their liability for damages under Article 423, paragraph (1) of the said act. However, the maximum amount of liability for damages based on such contracts shall be the amount stipulated by law.</u>	
Chapter VI Financial Auditor	Chapter VI Financial Auditor
(Establishment of the Financial Auditor)	(Establishment of the Financial Auditor)
Article 40. (Text omitted)	Article 35. (As present)
(Method of appointment)	(Method of appointment)
Article 41. (Text omitted)	Article 36. (As present)
(Term of office)	(Term of office)
Article 42. (Text omitted)	Article 37. (As present)
(Remuneration, etc.)	(Remuneration, etc.)
Article 43. <u>The remuneration, etc. of the Financial Auditor shall be determined by the Representative Director with the consent of the Audit & Supervisory Board.</u>	Article 38. <u>The remuneration, etc. of the Financial Auditor shall be determined by the Representative Director with the consent of the Audit and Supervisory Committee.</u>
(Fiscal year)	(Fiscal year)
Article 44. (Text omitted)	Article 39. (As present)
(Newly established)	<u>(Decision-making body for such dividends of surplus)</u>
	Article 40. <u>The Company may determine the matters provided in each item of Article 459, paragraph (1) of the Companies Act, including dividends of surplus, by resolutions of the Board of Directors unless otherwise provided by laws and regulations.</u>
(Dividends of surplus)	<u>(Record date for dividends of surplus)</u>
Article 45.	Article 41.
Dividends of surplus shall be paid to the shareholders or registered share pledgees appearing or recorded in the final shareholders' register as of March 31 of each year.	1. <u>Year-end dividends shall be paid to the shareholders or registered share pledgees appearing or recorded in the final shareholders' register as of March 31 of each year.</u>
(Newly established)	2. <u>Interim dividends shall be paid to shareholders or registered share pledgees appearing or recorded in the final shareholders' register as of September 30 of each year.</u>
(Interim dividends)	(Deleted)
Article 46. <u>The Company may pay interim dividends to shareholders or registered share pledgees appearing or recorded in the final shareholders' register as of September 30 of each year.</u>	
(Exclusion period for such dividends of surplus)	(Exclusion period for such dividends of surplus)
Article 47. (Text omitted)	Article 42. (As present)

Current Articles of Incorporation	Proposed amendment
(Newly established)	<p data-bbox="802 203 1394 282"><u>(Supplementary Provisions)</u> <u>(Transitional measure for exemption of the Audit & Supervisory Board Members from liability)</u></p> <p data-bbox="802 282 895 311"><u>Article 1.</u></p> <p data-bbox="802 311 1394 528">1. <u>The Company may, by a resolution of the Board of Directors, exempt the Audit & Supervisory Board Members (including those who were previously Audit & Supervisory Board Members) from liability for damages prescribed in Article 423, paragraph (1) of the Companies Act with respect to acts committed prior to the conclusion of the 68th Annual General Meeting of Shareholders to the extent permitted by law.</u></p> <p data-bbox="802 528 1394 799">2. <u>With respect to the agreements to limit liability for damages under Article 423, paragraph (1) of the Companies Act for the acts of the outside Audit & Supervisory Board Members (including those who were previously outside Audit & Supervisory Board Members) prior to the conclusion of the 68th Annual General Meeting of Shareholders, the provisions of Article 39, paragraph (2) of the Articles of Incorporation prior to the amendment by the resolution of the said Annual General Meeting of Shareholders shall apply.</u></p>

Proposal No. 3 Election of Six Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

Subject to the approval of Proposal No. 2 “Partial Amendments to the Articles of Incorporation,” the Company will shift to a company with an audit and supervisory committee, and on the effective date of the amendments to the Articles of Incorporation (at the recess of this annual general meeting of shareholders (after the deliberation on June 28, 2023)), the terms of office of all eight Directors will expire. Therefore, the Company proposes the election of six Directors (excluding the Directors who are Audit and Supervisory Committee members).

This proposal will become effective at the time of adjournment of the General Meeting (at the conclusion of deliberations on June 28, 2023), subject to the effect of the amendment to the Articles of Incorporation in Proposal No. 2 “Partial Amendments to the Articles of Incorporation.”

The candidates for Director (excluding the Directors who are Audit and Supervisory Committee members) are as follows:

Candidate No.	Name	Current position and responsibility, etc.	Attribute
1	Tomoyuki Kusano	Director and Chairperson	Re-election
2	Katsumi Nagao	Representative Director and President	Re-election
3	Kiyotaka Kaneko	Director Managing Executive Officer Sales Division General Manager and Equipment Division General Manager	Re-election
4	Kaoru Koyama	Director Managing Executive Officer Technical Division General Manager and Instrumentation Division General Manager	Re-election
5	Seiken Saito	Outside Director	Re-election Outside Independent
6	Atsuko Usami	Outside Director Partner of Grant Thornton Yamada & Partners	Re-election Outside Independent

Re-election: Candidate for Director to be re-elected

Outside: Candidate for outside Director

Independent: Independent officer as defined by the securities exchange, etc.

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	Tomoyuki Kusano (May 19, 1932) Re-election Attendance at Board of Directors meetings 16/16 times	July 1955 Established the Company Jan. 1958 Director of the Company May 1965 Executive Director June 1972 Managing Executive Director June 1980 Representative Director and Vice President May 1982 Representative Director and President June 2006 Representative Director and Chairperson June 2021 Director and Chairperson (current position)	392,068
	Reasons for nomination as candidate for Director Since the Company was founded, Tomoyuki Kusano has been involved in the business and the overall business management of it for many years, making him well-versed in its business. Moreover, he has a track record of contributing to establishing the strong business platform of the Group, coupled with extensive experience as a manager. The Company expects him to continue to contribute to enhancing the corporate value of the Company by making business management decisions and supervising the business execution of the Group and to oversee it by leveraging his extensive personal connections and superior insights and nominates him as a candidate for Director.		
2	Katsumi Nagao (January 12, 1953) Re-election Attendance at Board of Directors meetings 16/16 times	May 1982 Joined the Company, Mito Sales Office Manager Apr. 1991 Deputy General Manager of Equipment Department I of Head Office Apr. 1994 General Manager of Equipment Department I of Head Office Apr. 2002 Executive Officer and General Manager of Business Development Department of Headquarters June 2003 Director, General Manager of Business Development Department of Headquarters, and Head Office Manager Apr. 2004 Director, General Manager of East Japan Sales Division, and Head Office Manager June 2006 Representative Director and President (current position)	15,900
	Reasons for nomination as candidate for Director Since taking office as Representative Director and President of the Company, Katsumi Nagao has been driving the growth of the Group by utilizing his extensive experience as a manager and his wide range of personal connections and strong leadership. He plays a sufficient role in supervising the execution of business and making decisions on important matters as a Director. The Company has decided that he is the right person to achieve the Group's sustainable growth and mid- to long-term enhancement of the corporate value and nominates him as a candidate for Director.		

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	Kiyotaka Kaneko (April 24, 1964) Re-election Attendance at Board of Directors meetings 16/16 times	<p>Apr. 1988 Joined Toshiba Corporation</p> <p>Jan. 2011 Seconded to Toshiba Asia Pacific Pte. Ltd. (Singapore)</p> <p>Oct. 2013 General Manager of Global Solution Technology Department of Community Solutions Business Division of Toshiba Corporation</p> <p>Apr. 2016 General Manager of General Engineering Department of Business Development Center</p> <p>July 2018 Joined I.B. Technos Co., Ltd. Executive Officer and Sales Division General Manager</p> <p>Apr. 2019 Representative Director and President</p> <p>Apr. 2021 Joined the Company, Managing Executive Officer, Sales Division General Manager, and General Manager of Head of Business Strategy Section</p> <p>June 2021 Director, Managing Executive Officer, Sales Division General Manager, and General Manager of Head of Business Strategy Section</p> <p>Apr. 2023 Director, Managing Executive Officer, Sales Division General Manager, and Equipment Division General Manager (current position)</p>	1,640
<p>Reasons for nomination as candidate for Director</p> <p>Kiyotaka Kaneko has been active in fields such as building automation systems and energy conservation solutions for many years in Japan and overseas and has a wealth of business experience. He has experience serving as Representative Director and President of the Group company I.B. Technos Co., Ltd. and currently serves as Sales Division General Manager and Equipment Division General Manager of the Company and is making efforts to strengthen the Group's core businesses. The Company expects him to continue to contribute to enhancing the corporate value of the Company by leveraging his long business experience in the industry and superior insights regarding overall management and nominates him as a candidate for Director.</p>			
4	Kaoru Koyama (February 27, 1955) Re-election Attendance at Board of Directors meetings 16/16 times	<p>Apr. 1978 Joined the Company</p> <p>Apr. 2001 General Manager of TA System Sales Division of Osaka Branch Office</p> <p>Apr. 2007 General Manager of TA System Management Division of Osaka Branch Office</p> <p>Apr. 2010 Osaka Branch Office Manager</p> <p>Apr. 2014 Executive Officer and Osaka Branch Office Manager</p> <p>July 2016 Senior Executive Officer and Osaka Branch Office Manager</p> <p>Apr. 2018 Senior Executive Officer and Instrumentation Division General Manager</p> <p>June 2018 Director and Instrumentation Division General Manager</p> <p>Apr. 2019 Director, Managing Executive Officer, and Instrumentation Division General Manager</p> <p>Apr. 2023 Director, Managing Executive Officer, Technical Division General Manager, and Instrumentation Division General Manager (current position)</p>	45,503
<p>Reasons for nomination as candidate for Director</p> <p>Since joining the Company, Kaoru Koyama has been engaged in the instrumentation business over the years and has experience of managerial positions as a leader of important sites. Currently, in addition to overseeing the Instrumentation Division as the Instrumentation Division General Manager, he is also making efforts to strengthen safety and quality control functions as the Technical Division General Manager, demonstrating his excellent business management skills as the person in charge of the Technology Division. The Company nominates Kaoru Koyama as a candidate for Director as he is expected to contribute to enhancing the Group's corporate value by leveraging his managing experience in the Company and his extensive experience in the instrumentation business field at the Company.</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
5	Seiken Saito (September 15, 1952) Re-election Outside Independent Attendance at Board of Directors meetings 16/16 times	Apr. 1978 Joined Tokyo Tatemono Co., Ltd.	8,600
		Jan. 2000 General Manager of Development Planning Department	
Jan. 2002 General Manager of Project Management			
Mar. 2005 Director and General Manager of Acquisitions			
Mar. 2007 Managing Director			
June 2011 Representative Director and President of Tokyo Building Service Co., Ltd.			
June 2013 Representative Director and President of Tokyo Fudosan Kanri Co., Ltd.			
June 2016 Outside Director of the Company (current position)			
		Jan. 2020 Advisor of Tokyo Tatemono Co., Ltd.	
Reasons for nomination as candidate for outside Director and overview of expected roles Seiken Saito has served as a manager of several operating companies engaged in the building maintenance business and also a comprehensive real estate company and provides supervision and advice with respect to the Company's management by leveraging his broad insight. He has been serving as Chair of the Company's Nomination and Compensation Committee since its establishment in December 2021. The Company nominates Seiken Saito as he is expected to provide it with supervision and advice conducive to enhancing governance of the Company by leveraging his rich experience in corporate management.			
6	Atsuko Usami (March 9, 1960) Re-election Outside Independent Attendance at Board of Directors meetings 16/16 times	Sept. 1996 Joined Yamada & Partners Accounting Office (currently, Grant Thornton Yamada & Partners)	0
		July 2007 Appeals Judge of National Tax Tribunal	
Jan. 2013 Partner of Grant Thornton Yamada & Partners (current position)			
Jan. 2019 Representative Partner			
June 2021 Outside Director of the Company (current position)			
Reasons for nomination as candidate for outside Director and overview of expected roles Atsuko Usami has extensive experience and broad knowledge as a representative partner of a tax accountant corporation and in the National Tax Tribunal and has been providing the Company with useful recommendations on its business management from the perspective of human resources strategies, such as workstyle reform and health-oriented business administration, in addition to commenting as a Certified Public Tax Accountant. She has not been involved in the management of a company in any way other than being an outside officer in the past, but the Company expects that she will continue to provide supervision and advice with respect to the Company's management from a variety of perspectives and that she will be involved in or supervise the improvement of the governance of the Company from an objective and neutral standpoint as a member of the Nomination and Compensation Committee, and nominates her as a candidate for outside Director.			

- Notes:
1. There is no special interest between any of the above candidates and the Company.
 2. Seiken Saito and Atsuko Usami are candidates for outside Director.
 3. At the conclusion of this meeting (at the end of the deliberations on June 28, 2023), the tenure of Seiken Saito and Atsuko Usami as outside Director of the Company will have been seven years and two years, respectively.
 4. Special notes regarding the candidates for outside Director are as follows:
 - (1) The Company currently has entered into limited liability agreements with Seiken Saito and Atsuko Usami to limit their liability for damages as provided in Article 423, paragraph (1) of the Companies Act, and the maximum amount of liability under such agreements is the amount provided in Article 425, paragraph (1) of the same law (Japanese only). If the re-election of them is approved, the Company plans to renew the aforementioned agreements with them.
 - (2) The Company has submitted notification to the Tokyo Stock Exchange that Seiken Saito and Atsuko Usami currently have been designated as independent officers as provided for by the aforementioned exchange. If the re-election of them is approved, the Company plans for their designation as independent officers to continue.
 5. The Company has entered into a liability insurance contract for officers, etc. with an insurance company as prescribed in Article 430-3, paragraph (1) of the Companies Act. Such an insurance contract indemnifies damages of the insured person, such as compensation for damages and court costs to be borne by the insured person, including Directors of the Company. If each candidate is elected and assumes office as a Director, such a candidate shall be an insured person under such an insurance contract.
In addition, such an insurance contract is also scheduled to be renewed with the same terms and conditions at the time of the next renewal.

Proposal No. 4 Election of Three Directors Who Are Audit and Supervisory Committee Members

Subject to the approval of Proposal No. 2 “Partial Amendments to the Articles of Incorporation,” the Company will shift to a company with an audit and supervisory committee. Therefore, the Company proposes the election of three Directors who are Audit and Supervisory Committee members.

The Audit & Supervisory Board has given its prior consent to this proposal.

This proposal will become effective at the time of adjournment of the General Meeting (at the conclusion of deliberations on June 28, 2023), subject to the effect of the amendment to the Articles of Incorporation in Proposal No. 2 “Partial Amendments to the Articles of Incorporation.”

The candidates for Director who are Audit and Supervisory Committee members are as follows:

Candidate No.	Name	Current position and responsibility, etc.	Attribute
1	Toshiro Nakamizo	Senior Adviser	New election
2	Kazuhito Arata	Outside Audit & Supervisory Board Member of the Company Corporate Auditor of Tomoshia Holdings Co., Ltd. Outside Auditor of Harada Industry Co., Ltd.	New election Outside
3	Daichi Kamio	Outside Director of the Company Representative Lawyer of Kamio Law Office	New election Outside Independent

New election: Candidate for Director to be newly elected

Outside Candidate for outside Director

Independent: Independent officer as defined by the securities exchange, etc.

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	Toshiro Nakamizo (September 24, 1956) New election Attendance at Board of Directors meetings – times	<p>Apr. 1979 Joined Fuji Bank (currently, Mizuho Bank, Ltd)</p> <p>Nov. 2003 Branch Manager of Ginza Chuo Branch</p> <p>May 2007 Joined the Company</p> <p>July 2007 Executive Officer and Planning Division Deputy General Manager</p> <p>Nov. 2007 Managing Executive Officer and Administration Division Deputy General Manager</p> <p>Apr. 2010 Managing Executive Officer, Administration Division General Manager and Planning Division General Manager</p> <p>June 2010 Director, Managing Executive Officer, Administration Division General Manager and Planning Division General Manager</p> <p>Apr. 2012 Director, Managing Executive Officer and Administration Division General Manager</p> <p>Oct. 2015 Director, Managing Executive Officer and Business Administration Division General Manager</p> <p>Apr. 2019 Managing Executive Director, Senior Managing Executive Officer and Business Administration Division General Manager</p> <p>June 2021 Senior Adviser (current position)</p>	2,000
<p>Reasons for nomination as candidate for Director who is an Audit and Supervisory Committee member and overview of expected roles</p> <p>Toshiro Nakamizo has been working to improve the performance of the Company's business in a position overseeing the administrative division and as a Director since joining the Company by utilizing his wealth of experience, mainly in business management, gained during his tenure at a financial institution. He is currently involved in the management of the Company from the standpoint of an advisor. The Company expects that he will provide supervision and advice that will contribute to improving the governance of the Company more deeply than before based on his rich knowledge in the field of business administration and nominates him as a candidate for Director who is an Audit and Supervisory Committee member of the Company.</p>			
2	Kazuhito Arata (September 14, 1951) New election Outside Attendance at Board of Directors meetings 16/16 times	<p>Nov. 1980 Joined Showa Audit Corporation (currently, Ernst & Young ShinNihon LLC)</p> <p>Oct. 2011 Representative Certified Public Accountant and Tax Accountant of Arata Accounting Office (current position)</p> <p>Jan. 2013 Corporate Auditor of Tomoshia Holdings Co., Ltd. (current position)</p> <p>June 2014 Outside Auditor of Fuji Furukawa Engineering & Construction Co., Ltd.</p> <p>June 2015 Outside Auditor of Harada Industry Co., Ltd. (current position)</p> <p>June 2015 Outside Audit & Supervisory Board Member of the Company (current position)</p>	900
<p>Reasons for nomination as candidate for outside Director who is an Audit and Supervisory Committee member and overview of expected roles</p> <p>Kazuhito Arata currently has been making meaningful proposals to the management of the Company as an outside Audit & Supervisory Board Member by utilizing his professional knowledge as a certified public accountant and his extensive insight on corporate management as an outside auditor of listed companies. He has not been involved in the management of a company in any way other than being an outside officer in the past, but the Company expects that he will continue to utilize the advanced knowledge and broad experience that he has cultivated to date to participate in and supervise the improvement of the governance of the Company after the transition to a company with an audit and supervisory committee, and nominates him as a candidate for outside Director who is an Audit and Supervisory Committee member.</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
3	Daichi Kamio (February 10, 1980)	Dec. 2009 Registered as an attorney at law Jan. 2010 Joined Nomura & Partners June 2013 Outside Audit & Supervisory Board Member of the Company June 2015 Outside Director of the Company (current position) June 2016 Representative Lawyer of Kamio Law Office (current position)	5,600
	New election Outside Independent Attendance at Board of Directors meetings 16/16 times		
<p>Reasons for nomination as candidate for outside Director who is an Audit and Supervisory Committee member and overview of expected roles</p> <p>Daichi Kamio has been providing the Company with useful recommendations regarding its business management mainly for the legal-related field as the outside Director of the Company by leveraging his extensive knowledge as an attorney at law. He has not been involved in the management of a company in any way other than being an outside officer in the past, but the Company expects that he will continue to be involved in or supervise the improvement of the governance of the Company from an objective and neutral standpoint after the transition to a company with an audit and supervisory committee, and nominates him as a candidate for outside Director who is an Audit and Supervisory Committee member.</p>			

- Notes:
1. There is no special interest between any of the above candidates and the Company.
 2. Kazuhito Arata and Daichi Kamio are candidates for outside Director.
 3. At the conclusion of this meeting (at the end of the deliberations on June 28, 2023), the tenure of Kazuhito Arata as outside Audit & Supervisory Board Member of the Company will have been eight years.
 4. At the conclusion of this meeting (at the end of the deliberations on June 28, 2023), the tenure of Daichi Kamio as outside Director will have been eight years.
 5. Special notes regarding the candidates for outside Director are as follows:
 - (1) The Company currently has entered into limited liability agreements with Kazuhito Arata and Daichi Kamio to limit their liability for damages as provided in Article 423, paragraph (1) of the Companies Act, and the maximum amount of liability under such agreements is the amount provided in Article 425, paragraph (1) of the same law (Japanese only). If the appointment of them is approved, the Company plans to renew the aforementioned agreements with them.
 - (2) The Company has submitted notification to the Tokyo Stock Exchange that Kazuhito Arata and Daichi Kamio currently have been designated as independent officers as provided for by the aforementioned exchange. If the appointment of them is approved, the Company plans to designate Daichi Kamio as an independent officer to continue.
 6. The Company has entered into a liability insurance contract for officers, etc. with an insurance company as prescribed in Article 430-3, paragraph (1) of the Companies Act. Such an insurance contract indemnifies damages of the insured person such as compensation for damages and court costs to be borne by the insured person, including Directors of the Company. If each candidate is elected and assumes office as a Director, such a candidate shall be an insured person under such an insurance contract.
- In addition, such an insurance contract is also scheduled to be renewed with the same terms and conditions at the time of the next renewal.

<Skill Matrix of Candidate Directors (Including Directors Who Are Audit and Supervisory Committee Members)>

The Company deems sales and marketing and technologies in its business fields to be skills required to be held by Directors (including Directors who are Audit and Supervisory Committee members) in addition to corporate management and management strategies, global matters, finance and accounting, legal affairs and governance, and sustainability, which together serve as the foundation of corporate business management.

Shown below is a list of the main skills held by the Company's Directors (including Directors who are Audit and Supervisory Committee members) in the event of Proposal No. 3 and Proposal No. 4 being approved. This list is not intended to show all skills held by them.

Name	Position	Corporate management/ Management strategy	Global	Finance/ Accounting	Legal affairs/ Governance	Sustainability	Sales/ Marketing	Technology
Tomoyuki Kusano	Director and Chairperson	✓			✓		✓	✓
Katsumi Nagao	Representative Director and President	✓	✓		✓	✓	✓	✓
Kiyotaka Kaneko	Director and Managing Executive Officer	✓	✓		✓	✓	✓	✓
Kaoru Koyama	Director and Managing Executive Officer	✓					✓	✓
Seiken Saito	Outside Director	✓	✓				✓	
Atsuko Usami	Outside Director		✓	✓		✓		
Toshiro Nakamizo	Director (Full-time Audit and Supervisory Committee member)	✓		✓	✓		✓	
Kazuhito Arata	Outside Director (Audit and Supervisory Committee member)			✓	✓	✓		
Daichi Kamio	Outside Director (Audit and Supervisory Committee member)		✓		✓			

(Reference) Independence Standards for Outside Officers

The Company's outside officers are deemed to be independent from the Company if they do not fall under any of the following categories:

1. An executive (*1) of the Company and its consolidated subsidiaries (hereinafter collectively referred to as the "Group") or a person who was in such position in the 10 years prior to the assumption of office;
2. A person whose major business partner is the Group (*2) or an executive thereof;
3. A major business partner of the Group (*2) or an executive thereof;
4. An executive of the Group's major lenders (*3);
5. An attorney at law, certified public accountant, tax accountant, consultant, or such like who receives a large amount of money or other property (*4) from the Group other than the remuneration for officers;
6. A major shareholder (*5) of the Group or an executive thereof;
7. A person in which the Group is a major shareholder (*5) or an executive thereof;
8. An executive of the party with whom outside officers have a relationship of the mutual assumption of office;
9. A person who falls under "2." through "8." above in the past three fiscal years;
10. A person whose total term of office as an independent officer exceeds 12 years;
11. A spouse or relative within the second degree of kinship of "1." through "10." above; or
12. Any other person who has special circumstances that make it impossible for the person to execute the duties as an independent outside officer, such as a conflict of interest with the Group.

*1: "Executive" means a Director of the execution of business, executive person, executive officer, any other person equivalent thereto, or employee of a juridical person or any other organization.

*2: "Major business partner" means a business partner with whom the Group makes or receives payments that exceeded 2% of the Company's annual consolidated net sales in the most recent fiscal year.

*3: "Major lender" means a financial institution from which the Group has loans, the outstanding loans of which exceed 2% of the Group's consolidated total assets as of the end of the Company's fiscal year.

*4: "Large amount of money or other property" means an amount of money or other property that on average over the past three fiscal years, in the case of an individual, is ¥10 million or more per year or in the case of an organization, such as a corporation and partnership, is more than 2% of the consolidated net sales or gross revenue of such an organization.

*5: "Major shareholder" means a shareholder who holds 10% or more of the total ratio of voting rights as of the end of the most recent fiscal year.

Proposal No. 5 Establishment of the Amount of Remuneration for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

At the 66th Annual General Meeting of Shareholders held on June 25, 2021, the amount of remuneration for Directors was resolved to be not more than an annual 600 million yen including annual bonuses (excluding employee salaries and employee bonuses for Directors concurrently serving as employees). Since then, the amount of remuneration for Directors remains the same to this day.

Subject to the approval of Proposal No. 2 “Partial Amendments to the Articles of Incorporation,” the Company will shift to a company with an audit and supervisory committee.

Following the transition to a company with an audit and supervisory committee, the Company hereby proposes to abolish the current regulations concerning the amount of remuneration for Directors in order to newly set the amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee members). Taking into consideration various circumstances including economic conditions, the Company proposes to set the amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee members) to not more than an annual 600 million yen including annual bonuses (or not more than an annual 100 million yen for outside Directors).

If this proposal is approved, we will change the portion referring to the subject as “Directors” to “Directors (excluding Directors who are Audit and Supervisory Committee members)” in the policy for Director-by-Director remuneration to align the policy with the resolution at the meeting of the Board of Directors that is to be held after the adjournment of this General Meeting (after the conclusion of deliberations on June 28, 2023).

We consider that this proposal is necessary in order to set the Director-by-Director remuneration in accordance with the said policy and also reasonable as the limit of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee members) was determined in consideration of economic conditions, the size of the Company, the number of Directors, the level of other companies’ remuneration and other factors within a reasonable range.

The amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee members) shall not include the employee salaries and employee bonuses for Directors concurrently serving as employees. If Proposal No. 2 “Partial Amendments to the Articles of Incorporation” and Proposal No. 3 “Election of Six Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” are approved and passed as proposed, the number of Directors (excluding Directors who are Audit and Supervisory Committee members) will be six (of which two will be outside Directors).

This proposal will become effective at the time of adjournment of the General Meeting (at the conclusion of deliberations on June 28, 2023), subject to the effect of the amendment to the Articles of Incorporation in Proposal No. 2 “Partial Amendments to the Articles of Incorporation.”

Proposal No. 6 Establishment of the Amount of Remuneration for Directors Who Are Audit and Supervisory Committee Members

Subject to the approval of Proposal No. 2 “Partial Amendments to the Articles of Incorporation,” the Company will shift to a company with an audit and supervisory committee. Following this transition, the Company hereby proposes that the amount of remuneration for Directors who are Audit and Supervisory Committee members to be set to not more than an annual 100 million yen in consideration of the duties and responsibilities of Directors who are Audit and Supervisory Committee members.

This proposal is to determine the limit of remuneration for Directors who are Audit and Supervisory Committee members within a reasonable range, and the Company considers that the proposed limit of remuneration is thought to be needed and reasonable as it was determined in consideration of the responsibilities of Directors who are Audit and Supervisory Committee members and the level of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee members) and other factors.

If Proposal No. 2 “Partial Amendments to the Articles of Incorporation” and Proposal No. 4 “Election of Three Directors Who Are Audit and Supervisory Committee Members” are approved and passed as proposed, the number of Directors who are Audit and Supervisory Committee members will be three.

This proposal will become effective at the time of adjournment of the General Meeting (at the conclusion of deliberations on June 28, 2023), subject to the effect of the amendment to the Articles of Incorporation in Proposal No. 2 “Partial Amendments to the Articles of Incorporation.”

Proposal No. 7 Decision of Remuneration for Granting Restricted Stock to Directors (Excluding Directors Who Are Audit and Supervisory Committee Members and Outside Directors)

1. Reasons for the proposal and the reasons why such remuneration is considered to be reasonable

At the 66th Annual General Meeting of Shareholders held on June 25, 2021, the amount of remuneration for Directors was resolved to be not more than an annual 600 million yen (excluding employee salaries and employee bonuses for Directors concurrently serving as employees). Separate from this limit of remuneration, the Company introduced the Restricted Stock Remuneration Program (hereinafter referred to as the “Current Program”) for Directors (excluding outside Directors) at the 67th Annual General Meeting of Shareholders held on June 24, 2022. Since the approval of the Current Program, it has been implemented to this day.

Subject to the approval of Proposal No. 2 “Partial Amendments to the Articles of Incorporation,” the Company will shift to a company with an audit and supervisory committee.

Therefore, we propose to abolish the current limit of remuneration for Directors (excluding outside Directors) under the Current Program. Separate from the limit of remuneration which is to be established upon approval of Proposal No. 5 “Establishment of the Amount of Remuneration for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members),” we request your approval to introduce the new Restricted Stock Remuneration Program (hereinafter referred as the “Program”) for Directors (excluding Directors who are Audit and Supervisory Committee members and outside Directors, hereinafter referred as “Eligible Directors”) and re-establish the limit of remuneration under the Program.

This proposal is procedural in nature in connection with the Company’s transition to a company with an audit and supervisory committee, and the content of the remuneration under the Program is substantially the same as the content of the remuneration under the Current Program, which was approved at the 67th Annual General Meeting of Shareholders held on June 24, 2022. Also, the policy for Director-by-Director remuneration remains substantially the same. (If this proposal is approved, the Board of Directors at a meeting held after the conclusion of the General Meeting plans to change the subject of the Program to Directors [excluding Directors who are Audit and Supervisory Committee members and outside Directors] so that it will be consistent with the approved contents.) Therefore, we believe that this proposal is appropriate.

If Proposal No. 2 “Partial Amendments to the Articles of Incorporation” and Proposal No. 3 “Election of Six Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” are approved and passed as proposed, the number of Eligible Directors will be four.

This proposal will become effective at the time of adjournment of the General Meeting (at the conclusion of deliberations on June 28, 2023), subject to the effect of the amendment to the Articles of Incorporation in Proposal No. 2 “Partial Amendments to the Articles of Incorporation.”

The details of the Program are as follows.

2. Details of the Program

Under the Program, the Company will allot shares of restricted stock to Eligible Directors each fiscal year and have them hold the shares for a transfer restriction period to be described later. Specifically, the Company will issue or provide shares of restricted common stock of the Company to Eligible Directors by first executing an agreement on the allotment of restricted stock with Eligible Directors (hereinafter referred to as the “Allotment Agreement”) that grants them monetary claims by resolution of the Board of Directors before having them deliver all such claims to the Company as in-kind contributions.

As approved at the 66th Annual General Meeting of Shareholders held on June 25, 2021, remuneration to be paid to Eligible Directors of the Company was resolved to be not more than an annual 600 million (excluding employee salaries and bonuses for Directors concurrently serving as employees). (Additionally, if the Proposal No. 5 “Establishment of the Amount of Remuneration for Directors [Excluding Directors Who Are Audit and Supervisory Committee Members]” is approved, the current amount of remuneration for the Directors will be abolished, and the new amount of remuneration for the Directors of the Company [excluding Directors who are Audit and Supervisory Committee members] will be set to be not more than an annual 600 million yen [or not more than an annual 100 million yen for outside Directors] [excluding employee salaries and bonuses for Directors concurrently serving as employees]). Separate from the above-mentioned limit, the Company will set the total amount of monetary compensation claims to be paid to Eligible Directors for the granting of restricted stock under the Plan to be not more than an annual 100 million yen (excluding employee salaries and bonuses for Directors concurrently serving as employees). Specific timing of payments and allocations for Eligible Directors will be determined by the Board of Directors after obtaining a recommendation from the Nomination and Compensation Committee.

The total number of shares of restricted stock to be allotted to Eligible Directors each fiscal year will be not more than 40,000 shares. However, in the event of a split or merger of Totech common stock (including gratis allotment

of Totech common stock) on or after the date on which this proposal is approved, the number will be adjusted by a reasonable extent in accordance with the split ratio or merger ratio on or after the effective date.

We hereby propose that the Board of Directors determine a pay-in amount per share of common stock to be issued or provided to Eligible Directors on the basis of the closing price of Totech common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the Board of Director's resolution regarding the issuance or provision (if the stock is not traded on the business day, the closing price on the most recent business day prior to it should apply) and in an amount not particularly advantageous to Eligible Directors subscribing to such common stock shares.

Shown below is an outline of the Allotment Agreement to be executed between the Company and Eligible Directors.

[Outline of Allotment Agreement]

(1) Sale restriction period

Eligible Directors may neither sell nor pledge as security or otherwise dispose of Totech common shares allotted under the Allotment Agreement (hereinafter referred to as "Allotted Shares") from the date on which such shares are allotted under the agreement to immediately after resigning from any posts specified in advance by the Board of Directors, among the posts for officers and employees of the Company or any of its subsidiaries (hereinafter referred to as "Sale Restriction Period") (hereinafter referred to as "Sale Restriction"). Notwithstanding this, the expiration timing for the Sales Restriction Period may be adjusted by a reasonable extent if the date immediately after the resignation is three months before the fiscal year in which the Allotted Shares are allotted.

(2) Procedure for an occasion of resignation

If, prior to expiration of a period specified in advance by the Board of Directors (hereinafter referred to as the "Service Provision Period"), any Eligible Director resigns from any of the posts specified in advance by the Board of Directors, among the posts for officers and employees of the Company or any of its subsidiaries, the Company will acquire the Allotted Shares evidently at no charge with the exception of cases where there is a legitimate reason for the resignation, such as expiration of the term of office or death.

(3) Revocation of Sale Restriction

The Company will revoke the Sales Restriction for all Allotted Shares at the expiration of the Sale Restriction Period on the condition that over the Service Provision Period Eligible Directors consecutively serve in any of the posts specified in advance by the Board of Directors, among the posts for officers and employees of the Company or any of its subsidiaries. Notwithstanding this, the Company will reasonably adjust, as required, the number of Allotted Shares for which the Sale Restriction will be revoked and a date on which to revoke the Sale Restriction if: i) an Eligible Director resigns for a legitimate reason from any of the posts specified in advance by the Board of Directors, among the posts for officers and employees of the Company or any of its subsidiaries, prior to the Service Provision Period expiration; or ii) an Eligible Director prior to expiration of the Sale Restriction Period resigns for a reason other than a legitimate reason from any of the posts specified in advance by the Board of Directors, among the posts for officers and employees of the Company or any of its subsidiaries, even after the Service Period Expiration. The Company will acquire, evidently at no charge, Allotted Shares for which the Sale Restriction is yet to be revoked immediately after the Sale Restriction is revoked as stipulated above.

(4) Procedure for reorganization, etc.

Notwithstanding the provision of item (1) above, if a general meeting of shareholders of the Company (the Board of Directors of the Company applies if a proposed reorganization is not required to be resolved by a general meeting of shareholders) during a Sale Restriction Period resolves to enter into a merger agreement in which the Company becomes the disappearing entity, a share exchange agreement in which the Company becomes a wholly-owned subsidiary, or resolves a share transfer plan in which the Company becomes a wholly-owned subsidiary or any matter for reorganization, the Company prior to the effective date for the reorganization will revoke by resolution of the Board of Directors the Sale Restriction for Allotted Shares by a number specified as reasonable in consideration of the period from the date on which the Sale Restriction starts to a date on which the reorganization is resolved. If the above-mentioned action is taken, the Company will acquire, evidently at no charge, the allotted shares for which the Sale Restriction is yet to be revoked immediately after the Sale Restriction is revoked as stipulated above.

(5) Other matters

Other matters for the Allotment Agreement will be determined by the Board of Directors of the Company.