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Securities code: 7723  
June 8, 2022

**To Shareholders with Voting Rights:**

Kenji Kunishima  
President and Representative Director  
President Executive Officer  
Aichi Tokei Denki Co., Ltd.  
1-2-70 Chitose, Atsuta-ku, Nagoya,  
Aichi, Japan

**CONVOCAATION NOTICE OF  
THE 99th ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

We hereby inform you that the 99th Annual General Meeting of Shareholders of Aichi Tokei Denki Co., Ltd. (the "Company") will be held as described below.

You may either attend the meeting in person or, if not, exercise your voting rights in writing or via the Internet, etc. Please review the Reference Documents for the General Meeting of Shareholders provided below and exercise your voting rights by no later than 5:15 p.m. on Thursday, June 23, 2022, Japan time.

- 1. Date and Time:** Friday, June 24, 2022 at 10:00 a.m. Japan time  
**2. Place:** Nagoya Chamber of Commerce & Industry  
(Third floor, Meeting Room 5)  
2-10-19 Sakae, Naka-ku, Nagoya, Aichi, Japan

**3. Meeting Agenda:**

- Matters to be reported:**
1. The Business Report and Consolidated Financial Statements for the Company's 99th Fiscal Year (April 1, 2021 - March 31, 2022) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
  2. Non-consolidated Financial Statements for the Company's 99th Fiscal Year (April 1, 2021 - March 31, 2022)

**Proposals to be resolved:**

- Proposal 1:** Appropriation of Surplus  
**Proposal 2:** Partial Amendment to the Articles of Incorporation  
**Proposal 3:** Election of Nine (9) Directors  
**Proposal 4:** Payment of Bonuses to Directors  
**Proposal 5:** Revision of Ceilings for the Amount of Compensation and the Number of Shares to be Awarded for the Allotment of Transfer-restricted Shares to Directors (Excluding Outside Directors)  
**Proposal 6:** Revision of the Amount of Director Remuneration

- ◎ When you attend the meeting in person, please submit the enclosed Voting Rights Exercise Form at the reception desk of the venue.
- ◎ Any revisions to the Reference Documents for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements, and Consolidated Financial Statements will be posted on the Company's website on the Internet (<https://www.aichitokei.co.jp/>).
- ◎ The following items are not included in this Notice, as they are posted on the Company's website on the Internet (<https://www.aichitokei.co.jp/>) pursuant to the provisions of laws and regulations and Article 15 of the Company's Articles of Incorporation.
  - 1) "Matters Concerning the Company's Share Options, etc." in the Business Report
  - 2) "System to Ensure That Directors Execute Their Duties in Compliance with Laws and Regulations and the Articles of Incorporation, and Other Systems to Ensure Appropriate Business Operations" in the Business Report
  - 3) "Overview of the State of Operation of the System to Ensure Appropriate Business Operations" in the Business Report
  - 4) "Basic Policy on Control of the Company" in the Business Report
  - 5) "Consolidated Statement of Changes in Equity" in the Consolidated Financial Statements
  - 6) "Notes to the Consolidated Financial Statements" in the Consolidated Financial Statements
  - 7) "Statement of Changes in Equity" in the Non-consolidated Financial Statements
  - 8) "Notes to the Non-consolidated Financial Statements" in the Non-consolidated Financial Statements

Therefore, the documents attached to this Notice are a part of the documents audited by the Accounting Auditor and the Audit & Supervisory Board Members in preparing the Independent Auditor's Report and the Audit Report, respectively.

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### Proposal 1: Appropriation of Surplus

With regard to the appropriation of surplus, the Company proposes the following.

#### 1. Matters Concerning Year-end Dividends

With regard to the year-end dividend for the 99th fiscal year, the Company proposes the following, placing a high priority on maintaining stable dividends to shareholders and taking into account profit distribution commensurate with business performance of the fiscal year under review.

##### (1) Type of dividend property

The Company proposes to distribute cash dividends.

##### (2) Matters concerning allotment of dividend assets and the total amount thereof

The Company proposes the payment of an ordinary dividend of 26 yen per share.

The total amount of dividends to be paid will be 398,703,396 yen.

##### (3) Effective date of dividends of surplus

June 27, 2022

#### 2. Other Matters Concerning Appropriation of Surplus

The Company proposes to appropriate internal reserves as follows in order to strengthen our management base for future proactive business development.

##### (1) Items of surplus to be increased and the amount thereof

General reserve: 2,000,000,000 yen

##### (2) Items of surplus to be decreased and the amount thereof

Retained earnings brought forward: 2,000,000,000 yen

## Proposal 2: Partial Amendment to the Articles of Incorporation

### 1. Reasons for the proposal

The amending provisions stipulated in the proviso of Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Law No. 70 of 2019) will come into effect on September 1, 2022. Thus the amendment to the Company's Articles of Incorporation is hereby proposed as follows in order to prepare for the introduction of the system of electronic provision of materials for the General Meeting of Shareholders.

- 1) Article 15, Paragraph 1 of the Proposed Amendment provides that the Company shall take measures to provide information that constitutes the contents of the Reference Documents for the General Meeting of Shareholders and other documents in electronic form.
- 2) Article 15, Paragraph 2 of the Proposed Amendment shall establish a provision to limit the scope of matters to be included in the paper-based documents to be delivered to shareholders who have requested delivery of the paper-based documents.
- 3) The provision for Internet disclosure and deemed provision of reference documents for the General Meeting of Shareholders, etc. (Article 15 of the current Articles of Incorporation) shall be deleted as it is no longer necessary.
- 4) Supplementary provisions regarding effective date and other matters shall be established in accordance with the above new establishment and deletion.

### 2. Details of amendments

The details of the proposed amendments are as follows.

(Amended portions are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p data-bbox="268 1198 821 1288"><u>(Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, etc.)</u></p> <p data-bbox="268 1326 821 1646"><u>Article 15: In convening a general meeting of shareholders, information pertaining to matters to be stated or indicated in the Reference Documents for the general meeting of shareholders, business report, financial statements and consolidated financial statements may be deemed to have been provided to the shareholders if such information is disclosed by means of the Internet in accordance with the applicable ordinance of the Ministry of Justice.</u></p> <p data-bbox="268 1709 507 1742">(Newly established)</p>	<p data-bbox="847 1198 965 1232">(Deleted)</p> <p data-bbox="847 1709 1300 1742"><u>(Electronic provisioning measures, etc.)</u></p> <p data-bbox="847 1774 1423 1960"><u>Article 15: The Company shall, in convening a general meeting of shareholders, take measures to provide electronically the information that is the contents of the Reference Documents for the general meeting of shareholders and other documents.</u></p>

<p>(Newly established)</p>	<p>2. <u>With respect to all or part of the matters specified by the ordinance of the Ministry of Justice for which electronic provisioning measures are taken, the Company shall not be required to include such matters in the documents to be delivered to shareholders who have made a request for document delivery by the record date for voting rights.</u></p> <p><u>(Supplementary provisions)</u></p> <p>1. <u>The deletion of Article 15 (Internet Disclosure and Deemed Provision of Reference Documents for General Meetings of Shareholders, etc.) of the current Articles of Incorporation and the establishment of Article 15 (Electronic provisioning measures, etc.) of the proposed amendments shall take effect on the date of enforcement of the amending provisions stipulated in the proviso of Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Law No. 70 of 2019) (the "Effective Date").</u></p> <p>2. <u>Notwithstanding the provisions of the preceding paragraph, Article 15 of the present Articles of Incorporation shall remain in force with respect to shareholders' meetings the dates of which are within six months from the Effective Date.</u></p> <p>3. <u>These Supplementary Provisions shall be deleted after six (6) months have elapsed from the Effective Date or after three (3) months have elapsed from the date of the General Meeting of Shareholders set forth in the preceding paragraph, whichever is later.</u></p>
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**Proposal 3: Election of Nine (9) Directors**

The terms of office of all ten (10) Directors, including two Outside Directors, will expire at the conclusion of this General Meeting of Shareholders. From the perspective of improving the efficiency of the management system and ensuring the independence of the Board of Directors, the Company proposes an election of nine (9) Directors including three (3) Outside Directors, by reducing the overall number of Directors by one, and increasing the number of Outside Directors by one.

The candidates for Directors are as follows.

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	Toshiyuki Hoshika (November 25, 1955)	April 1978 April 2006 June 2008 April 2011 June 2014 April 2015 June 2015 June 2016 June 2017 April 2022 Joined the Company Head of Nagoya Branch Office Executive Officer and Head of Osaka Branch Office Executive Officer, General Manager of Public SS Sales Department, Sales Management Headquarters Senior Executive Officer, Deputy General Manager of Production Management Headquarters, and General Manager of Gas Equipment Manufacturing Division Senior Executive Officer, Deputy General Manager of Production Department, and General Manager of Gas Equipment Manufacturing Division Director, Senior Executive Officer, General Manager of Production Department, and General Manager of Gas Equipment Manufacturing Division Director, Managing Executive Officer in charge of Production, and General Manager of Production Department President and Representative Director, President Executive Officer Representative Director, Chairman (to present)	33,300

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
2	Kenji Kunishima (September 22, 1963)	<p>April 1986      Joined the Company</p> <p>June 2007      General Manager of Public Relations Secretary Office</p> <p>April 2008      General Manager of Secretary Office and Deputy General Manager of General Affairs Department</p> <p>June 2009      Executive Officer, General Manager of Public SS Sales Department, Sales Management Headquarters</p> <p>April 2010      Head of Nagoya Branch Office, Sales Management Headquarters</p> <p>April 2012      Deputy Head of Tokyo Branch Office, Sales Management Headquarters</p> <p>June 2013      Executive Officer, Head of Tokyo Branch Office, Sales Management Headquarters</p> <p>June 2017      Executive Officer, Head of Okazaki Plant, and General Manager of Gas Equipment Manufacturing Division, Production Department</p> <p>April 2019      Senior Executive Officer, Head of Okazaki Plant, and General Manager of Gas Equipment Manufacturing Division, Production Department</p> <p>April 2020      Senior Executive Officer, General Manager of Production Department</p> <p>June 2020      Director, Senior Executive Officer, and General Manager of Production Department</p> <p>April 2021      Director, Managing Executive Officer, General Manager of Production Headquarters</p> <p>April 2022      President and Representative Director, President Executive Officer (to present)</p>	6,300
3	Hiroyuki Takasu (July 16, 1954)	<p>April 1978      Joined the Company</p> <p>April 2005      General Manager of Production Technology Department</p> <p>June 2007      Executive Officer and General Manager of Production Technology Department</p> <p>April 2008      Executive Officer and Deputy General Manager of Production Department</p> <p>June 2009      Executive Officer and Deputy General Manager of Production Management Headquarters</p> <p>April 2010      Executive Officer and General Manager of Technology Department, Production Management Headquarters</p> <p>November 2011      Executive Officer and Assistant to President in charge of Reform Promotion</p> <p>June 2013      Director and Managing Executive Officer in charge of Technology</p> <p>June 2014      Director and Senior Executive Officer in charge of Technology</p> <p>April 2018      Director, Managing Executive Officer, in charge of Engineering</p> <p>April 2022      Director, Managing Executive Officer, and Assistant to the President (to present)</p>	26,700

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
4	Kazuki Sugino (February 24, 1958)	<p>April 1981      Joined The Industrial Bank of Japan, Limited</p> <p>April 2002      Senior Manager of Corporate Planning Division of Mizuho Bank, Ltd.</p> <p>October 2002    Joint General Manager of Kobe-Chuo Branch of Mizuho Bank, Ltd.</p> <p>May 2006       Assistant Manager of Administration Department of Mizuho Financial Group, Inc.</p> <p>June 2009       Director, Managing Executive Officer, and Deputy General Manager of Administration Management Headquarters of the Company</p> <p>June 2010       Director, Managing Executive Officer, Deputy General Manager of Administration Management Headquarters, General Manager of General Affairs &amp; Human Resources Department, and General Manager of Secretary Office</p> <p>April 2011       Director, Managing Executive Officer, Deputy General Manager of Administration Management Headquarters, Deputy General Manager of Sales Management Headquarters, and General Manager of Gas-related Sales Department</p> <p>May 2012       Director, Managing Executive Officer, Deputy General Manager of Administration Management Headquarters, and General Manager of General Affairs &amp; Human Resources Department</p> <p>June 2013       Director, Managing Executive Officer, General Manager of Administration Management Headquarters, and General Manager of General Affairs &amp; Human Resources Department</p> <p>April 2014       Director, Managing Executive Officer, General Manager of Administration Department</p> <p>June 2014       Director, Senior Executive Officer in charge of Administration, and General Manager of Administration Department</p> <p>April 2018       Director, Senior Executive Officer, and General Manager of Administration Department</p> <p>October 2019    Director, Senior Executive Officer, General Manager of Administration Headquarters, Chief of General Affairs Department</p> <p>April 2022       Director, Managing Executive Officer, General Manager of Administration Headquarters (to present)</p>	25,200



No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
5	Yutaka Yoshida (October 29, 1958)	<p>January 1987      Joined the Company</p> <p>April 2009      General Manager of Sales Development Department, Sales Management Headquarters</p> <p>April 2012      Deputy General Manager of R&amp;D Department</p> <p>June 2013      Executive Officer and Deputy General Manager of R&amp;D Department</p> <p>October 2013    Executive Officer and General Manager of Quality Assurance Department</p> <p>April 2014      Executive Officer and General Manager of International Sales Department, Sales Management Headquarters</p> <p>April 2015      Executive Officer and General Manager of International Sales Division, Sales Department</p> <p>June 2017      Director, Senior Executive Officer, General Manager of R&amp;D Headquarters</p> <p>April 2022      Director, Senior Executive Officer, in charge of Technology (to present)</p>	9,600
6	Hiroshi Yasui (January 12, 1960)	<p>April 1985      Joined the Company</p> <p>June 2007      General Manager of Planning Coordination Office, Measuring Devices Sales Department and Deputy General Manager of Instrumentation Sales Department</p> <p>April 2008      General Manager of Sales Development Division, Sales Department</p> <p>April 2010      Deputy General Manager of Sales Development Department, Sales Management Headquarters and General Manager of Private-Demand Instrumentation Sales Division</p> <p>June 2014      Executive Officer, General Manager of Industry System Sales Department, Sales Management Headquarters</p> <p>April 2015      Executive Officer, Deputy General Manager of Sales Department, General Manager of Industry System Sales Department, and General Manager of Operation Promotion Office</p> <p>April 2017      Executive Officer, Deputy General Manager of Sales Department, and General Manager of Gas Sales Promotion Division</p> <p>June 2017      Senior Executive Officer, Deputy General Manager of Sales Department, and General Manager of Gas Sales Promotion Division</p> <p>April 2019      Senior Executive Officer and General Manager of Sales Department</p> <p>June 2019      Director, Senior Executive Officer, General Manager of Sales Headquarters (to present)</p>	6,600

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
7	Nobuyuki Matsui (May 7, 1943)  [Outside] [Independent]	<p>March 1968 Completed Master's degree of Electrical Engineering, Graduate School of Engineering, Nagoya Institute of Technology (current National University Corporation Nagoya Institute of Technology)</p> <p>July 1976 Doctor of Engineering, Tokyo Institute of Technology (current National University Corporation Tokyo Institute of Technology)</p> <p>April 1985 Professor at Department of Electrical Engineering in Nagoya Institute of Technology</p> <p>January 2004 President at Nagoya Institute of Technology</p> <p>April 2010 Auditor of Aichi University of Education, Adviser of Aichi Prefectural Government Office (Industrial Labor Section)</p> <p>April 2012 Specially Appointed Professor with Chairman at Chubu University</p> <p>June 2015 Director of the Company (to present)</p> <p>April 2021 President of International Professional University of Technology in Nagoya (to present)</p> <p>[Significant concurrent positions] Outside Director of Rinnai Corporation President of International Professional University of Technology in Nagoya</p>	-
8	Seiichi Hattori (April 14, 1951)  [Outside] [Independent]	<p>April 1975 Joined OKAYA &amp; CO., LTD.</p> <p>March 1997 General Manager of Functional Components Office, Mechatronics Department, Nagoya Head Office of OKAYA &amp; CO., LTD.</p> <p>May 2008 Member of the Board of OKAYA &amp; CO., LTD. and President of Union Autoparts Manufacturing Co., Ltd.</p> <p>May 2011 Member of the Board of OKAYA &amp; CO., LTD. in charge of Thailand Region and President of Union Autoparts Manufacturing Co., Ltd.</p> <p>May 2014 Member of the Board of OKAYA &amp; CO., LTD. and appointed to Deputy General Manager of Nagoya Head Office</p> <p>May 2015 Adviser of OKAYA &amp; CO., LTD. and President and Representative Director of TOKAI PRESSING CO., LTD.</p> <p>June 2016 Director of the Company (to present)</p> <p>February 2021 Vice President and Representative Director of TOKAI PRESSING CO., LTD.</p> <p>October 2021 Representative Director and President of TOKAI PRESSING CO., LTD.</p> <p>March 2022 Adviser of TOKAI PRESSING CO., LTD. (to present)</p> <p>[Significant concurrent positions] Adviser of TOKAI PRESSING CO., LTD.</p>	-

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
9	Chie Okada (October 3, 1970) New [Outside] [Independent]	<p>April 1998 Registered as an attorney Joined Tsunehiko Nakane &amp; Associates</p> <p>October 2003 Partner, Kakura Law Office (to present)</p> <p>October 2006 Civil Mediator, Nagoya Summary Court (Part-time Justice)</p> <p>October 2015 Member, Dispute Adjustment Committee, Aichi Labor Bureau</p> <p>[Significant concurrent positions] Corporate Auditor, M.G. Home Co., Ltd. Auditor, National University Corporation Aichi University of Education</p>	-

- Notes: 1. The Company engages in transactions with TOKAI PRESSING CO., LTD., of which Mr. Seiichi Hattori is an advisor, for the purchase of products. There is no other special interests between any of the candidates and the Company.
2. Messrs. Toshiyuki Hoshika and Kenji Kunishima have abundant experience being in charge of management as Representative Directors, and are expected to continue to be in charge of management of the Company by leveraging their experience and achievements. Therefore, the Company believes that they will appropriately perform their duties as Directors, and proposes their reelection as Director.
3. Messrs. Hiroyuki Takasu, Kazuki Sugino, Yutaka Yoshida, and Hiroshi Yasui have a wide range of experience and insight related to the departments they are in charge of, and can be expected to make accurate and prompt decisions. Therefore, the Company believes that they will appropriately perform their duties as Directors, and proposes their reelection as Director.
4. Messrs. Nobuyuki Matsui, Seiichi Hattori, and Chie Okada are candidates for Outside Director.
5. Although Mr. Nobuyuki Matsui has never been involved in corporate management other than as Outside Director, he has served as a professor and President of the Nagoya Institute of Technology, and was newly appointed President of International Professional University of Technology in Nagoya on April 1, 2021, and therefore has a high level of knowledge as an academic. The Company expects that he will enhance the monitoring and supervisory functions of management from an independent standpoint by applying his insight as an academician, and therefore proposes his election as Outside Director.
6. Mr. Seiichi Hattori has abundant experience engaging in the management of overseas business companies and broad insight cultivated in metal and machinery trading companies. The Company expects him to incorporate such experience and insight in its management and to enhance the monitoring and supervisory functions of its management from an independent standpoint, and therefore proposes his election as Outside Director.
- The Company has transactions with TOKAI PRESSING CO., LTD., where Mr. Seiichi Hattori is an advisor, for the purchase of products. In addition, the Company has transactions with OKAYA & CO., LTD., where he was an executive officer in the past, for the purchase of materials and goods and sales of products, etc.
7. Ms. Chie Okada works actively as a lawyer and has extensive experience and wide-ranging insight on governance, particularly from a legal perspective. The Company expects her to incorporate such experience and insight in its management and to enhance the monitoring and supervisory functions of its management from an independent standpoint, and therefore proposes her election as Outside Director.

8. Mr. Nobuyuki Matsui will have served as Outside Director for seven (7) years at the conclusion of this General Meeting of Shareholders. Mr. Seiichi Hattori will have served as Outside Director for six (6) years at the conclusion of this General Meeting of Shareholders.
9. The Company has entered into a liability limitation agreement with Messrs. Nobuyuki Matsui and Seiichi Hattori to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act to the maximum amount provided for in laws and regulations. In the event that both of them are reelected, the Company will continue this agreement with them. If Ms. Chie Okada is elected, the Company will enter into such agreement with her.
10. The Company has registered Messrs. Nobuyuki Matsui and Seiichi Hattori with the Tokyo Stock Exchange and the Nagoya Stock Exchange as independent directors pursuant to the provisions of both exchanges. In the event that both candidates are reelected, the Company will continue to register them as independent directors with the exchanges. If Ms. Chie Okada is elected, the Company will register her as an independent director with the exchanges.
11. The Company has entered into a directors and officers liability insurance (D&O Insurance) contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The insurance contract covers legal damages and legal costs incurred by the insured due to claims for damages arising from acts (including omissions of acts) committed by the insured in his or her capacity as a Director or Officer of the Company. Each of the candidates (except for Ms. Chie Okada) is included as an insured person under such insurance contract as a Director of the Company, and if their reappointment is approved, they will continue to be included as an insured person under the insurance contract. If Ms. Chie Okada's appointment is approved, she will be included as an insured person under the insurance contract. The Company will renew the insurance contract during their terms of office of the Director under this proposal with the similar terms and conditions.
12. Ms. Chie Okada's name in the family registry is Chie Kakura.

(Reference) Composition of the Board of Directors in the event that Proposal 3 is approved.

Based on the knowledge, experience, abilities, etc. of each candidate for Director, items that are particularly expected are marked with ●.

Name	Position and responsibilities	Management	Finance & Accounting	Sales & Marketing	Overseas businesses	Development & Quality	Manufacturing & Procurement	Legal affairs & Governance
Toshiyuki Hoshika	Chairman and Representative Director	●	●					●
Kenji Kunishima	President and Representative Director, President Executive Officer	●	●					●
Hiroyuki Takasu	Director, Managing Executive Officer, Assistant to the President	●				●	●	
Kazuki Sugino	Director, Managing Executive Officer, General Manager of Administration Headquarters		●		●			●
Yutaka Yoshida	Director, Senior Executive Officer in charge of Technology			●		●	●	
Hiroshi Yasui	Director, Senior Executive Officer, General Manager of Sales Headquarters			●	●			
Nobuyuki Matsui	Outside Director	●				●	●	
Seiichi Hattori	Outside Director	●		●	●			
Chie Okada	Outside Director	●	●					●

\*The table shown above does not represent all knowledge that each candidate for Director has.

#### **Proposal 4:** Payment of Bonuses to Directors

The Company proposes to pay a total of 57 million yen as bonuses to eight (8) Directors (excluding Outside Directors) as of the end of the fiscal year under review, taking into account factors including past payments and the business performance of the fiscal year under review.

As described on page 15 of the Japanese original of this Notice, the Company's Board of Directors has defined a basic policy regarding details of compensation, etc. for individual Directors. This proposal has been deemed to be appropriate as it is necessary and reasonable to grant individual compensation, etc. to each Director in accordance with such policy, and the Company leaves the decision on the amount to be paid to each Director to the Board of Directors. In addition, the amount of compensation for Directors will exclude the employee's salary for Directors who concurrently serve as employees, as has been the case to date.

**Proposal 5:** Revision of Ceilings for the Amount of Compensation and the Number of Shares to be Awarded for the Allotment of Transfer-restricted Shares to Directors (Excluding Outside Directors)

With regard to the compensation scheme for the allotment of transfer-restricted shares to the Company's Directors (excluding Outside Directors; hereinafter, the "Eligible Director(s)") (hereinafter, the "Scheme"), it has been determined by resolution of the 97th Annual General Meeting of Shareholders held on June 24, 2020, that the amount of compensation for the allotment of transfer-restricted shares should be 30 million yen or less per annum, and the total number of common shares the Company issues to or disposes of for Eligible Directors under the Scheme should be 30,000 shares or less per annum.

As for the "30,000 shares or less per annum to be issued to or disposed of," it is the result of a one-to-three stock split of the Company's common shares executed on February 1, 2022; the total number of common shares the Company issues to or disposes of for Eligible Directors under the Scheme had been determined to be "10,000 shares or less per annum" by resolution of the 97th Annual General Meeting of Shareholders held on June 24, 2020, and adjusted to "30,000 shares or less per annum" according to the split ratio of the said stock split.

The Company proposes that the amount of compensation for the allotment of transfer-restricted shares be revised to 50 million yen or less per annum, taking into account the Company's performance, the Company's share price, external environment and various other conditions, and in order to motivate the Directors to play more part in raising the Company's corporate value by increasing the proportion of stock compensation within Directors' remuneration and thereby letting them share value with our shareholders on an increased level. We also propose that, along with revision of the ceiling amount of compensation for the allotment of transfer-restricted shares, the total number of common shares the Company issues to or disposes of for Eligible Directors under the Scheme be revised to 50,000 shares or less per annum.

We also propose that the amount of Directors' remuneration shall exclude the employee salary portion paid to Directors who concurrently serve as employees, as has been the case to date.

This proposal seeks the approval to revise the amount of compensation for the allotment of transfer-restricted shares, in addition to the amount of director remuneration for which approval is sought by "Proposal 6: Revision of the Amount of Director Remuneration" (220 million yen or less per annum, of which 30 million yen or less per annum is for Outside Directors, excluding the employee salary portion paid to Directors who concurrently serve as employees).

The number of Eligible Directors is currently eight (8). If Proposal 3 is approved by resolution as originally proposed, the number of Eligible Directors will be six (6).

As mentioned on page 15 of the Japanese original of this Notice, the Company's Board of Directors has defined a policy for deciding the compensation, etc., for individual Directors, which is deemed to remain appropriate as the policy for deciding compensation even after the approval of this proposal. Therefore, the Company does not plan to change the said policy when this proposal is approved. This proposal is assessed to be appropriate on the ground that its content is reasonable and necessary for awarding compensation, etc. for individual directors in line with the said policy.

The content of the Scheme, which is summarized below, has not been changed since it was approved at the 97th Annual General Meeting of Shareholders held on June 24, 2020, apart from the total amount of monetary compensation claim to be provided to Eligible Directors and the total number of shares to be awarded. Specific timing and distribution of provision of compensation to Eligible Directors under the Scheme shall be decided at a meeting of the Board of Directors after deliberation by the Nomination and Compensation Advisory Committee.

#### <Outline of the Scheme>

Each business year in principle, Eligible Directors shall pay in as property contributed in kind to the Company all the monetary compensation claim provided to them based on the resolution of the Company's Board of Directors, and receive the Company's common shares issued to or disposed of for them. The total number of common shares the Company issues to or disposes of for Eligible Directors under the Scheme shall be 50,000 shares or less per annum. However, in the event of a stock split (including allotment of the Company's common shares without contribution) or a reverse stock split of the Company's common shares that takes effect on or after the resolution date of this Annual General meeting of Shareholders, adjustments within a reasonable range may be made as needed on or after the said effective date.

The paid-in amount per common share to be issued to or disposed of for Eligible Directors under the Scheme shall be determined by the Board of Directors based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors pertaining to the decision of Subscription Requirements for the said common shares (or the closing price on the most recent trading day prior to that day if no transactions were concluded on that day) and at a price within the range that is not notably favorable to the Eligible Directors.

In issuing or disposing of common shares under the above circumstances, the Company shall enter into an agreement with each Eligible Director on the allotment of transfer-restricted shares (hereinafter, the "Allotment Agreement") that includes the points stated below (The common shares allotted under the Allotment Agreement shall be hereinafter referred to as the "Allotted Shares.>").

#### 1. Transfer-restriction period

Eligible Directors shall not transfer, pledge as security, transfer inter vivos, or otherwise dispose of the Allotted Shares during the period commencing on the pay-in date of Allotted Shares and terminating on the date of their retirement from office due to reasons such as expiry of term (hereinafter, the "Restricted Period").

#### 2. Conditions for removal of restrictions

Upon expiry of the Restricted Period, transfer restrictions on all of the Allotted Shares of an Eligible Director shall be removed, provided the said Eligible Director has remained continuously in the position of Director of the Company, or other positions designated by the Company's Board of Directors, during the period commencing on the pay-in date of Allotted Shares and terminating at the conclusion of the first Annual General Meeting of Shareholders of the Company that came around thereafter. However, in the event that an Eligible Director retired from office with good reason, or retired from office due to death, during the period commencing on the pay-in date of Allotted Shares and terminating at the conclusion of the first Annual General Meeting of Shareholders of the Company that came around thereafter, the number of Allotted Shares for which restrictions are to be removed and the timing of the removal of restrictions shall be reasonably adjusted as needed.

#### 3. Reasons for acquisition without consideration

In the event that an Eligible Director retired from office without good reason during the Restricted Period, the Company shall rightfully acquire the Allotted Shares without consideration. If there are still Allotted Shares from which restrictions have not been removed as of the time of the removal of restrictions provided for in item 2. above, the Company shall rightfully acquire such Allotted Shares without consideration.

#### 4. Treatment in case of corporate reorganization, etc.

Notwithstanding the provisions of item 1. above, if, during the Restricted Period, matters pertaining to a merger agreement under which the Company will become a disappearing company, a

stock exchange agreement or a stock transfer plan under which the Company will become a wholly owned subsidiary, or other corporate reorganization arrangements are approved by a General Meeting of Shareholders of the Company (or the Board of Directors of the Company, in case where such corporate reorganization arrangement does not require approval of the General Meeting of Shareholders of the Company), the number of Allotted Shares from which restrictions are to be removed and the timing of the removal of restrictions shall be reasonably adjusted as needed by the resolution of the Board of Directors of the Company. In such case, if there remain Allotted Shares from which restrictions have not been removed as of the time immediately following the removal of restrictions, the Company shall rightfully acquire such Allotted Shares without consideration.

#### 5. Other matters

Any other matters pertaining to the Allotment Agreement shall be decided by the Company's Board of Directors.

During the Restricted Period, the shares allotted to Eligible Directors under the Scheme will be kept in accounts opened by Eligible Directors at a securities company designated by the Company specifically for this purpose so as to preclude any transfer, pledging as security, transfer inter vivos, or any other form of disposal of such shares during the Restricted Period.

#### **Proposal 6:** Revision of the Amount of Director Remuneration

The amount of remuneration of the Company's Directors was determined by resolution of the 94th Annual General Meeting of Shareholders held on June 27, 2017, to be 240 million yen or less per annum (of which 30 million yen or less per annum is for Outside Directors) and has remained so to date.

The Company proposes that the amount of Directors' remuneration be revised to 220 million yen or less per annum (of which 30 million yen or less per annum is for Outside Directors), taking into account the Company's performance, the Company's corporate value, external environment and various other conditions, and in order to motivate the Directors to play more part in raising the Company's share price by increasing the proportion of stock compensation within Directors' remuneration and thereby letting them share value with our shareholders on an increased level.

We also propose that the amount of Directors' remuneration shall exclude the employee salary portion paid to Directors who concurrently serve as employees, as has been the case to date.

This proposal seeks the approval to revise the amount of director remuneration, in addition to the amount of remuneration for which approval is sought by "Proposal 5: Revision of Ceilings for the Amount of Compensation and the Number of Shares to be Awarded for the Allotment of Transfer-restricted Shares to Directors (Excluding Outside Directors)" (50 million yen or less per annum, excluding the employee salary portion paid to Directors who concurrently serve as employees).

The number of Directors of the Company is currently ten (10) (of which two (2) are Outside Directors). If Proposal 3 is approved by resolution as originally proposed, the number of Directors will be nine (9) (of which three (3) are Outside Directors).

As mentioned on page 15 of the Japanese original of this Notice, the Company's Board of Directors has defined a policy for deciding the compensation, etc., for individual Directors, which is deemed to remain appropriate as the policy for deciding compensation even after the approval of this proposal. Therefore, the Company does not plan to change the said policy when this proposal is approved. This proposal is assessed to be appropriate on the ground that its content is reasonable and necessary for awarding compensation, etc. for individual directors in line with the said policy.