

[NOTICE: This document has been translated from the Japanese original for the convenience of non-Japanese shareholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.]

Securities Code: 7279
January 4, 2024

To Our Shareholders

12-28, Sakaemachi 1-chome, Takarazuka-shi, Hyogo

HI-LEX CORPORATION

President and Representative Director Taro Teraura

Notice of the 80th Annual Meeting of Shareholders

HI-LEX Corporation cordially invites shareholders to the 80th Annual Meeting of Shareholders as described below.

In convening this Meeting, we have taken measures to provide information electronically, which is the content of the Reference Documents for the Meeting, etc. (Matters to Be Provided Electronically) published on each of the following websites on the Internet, so please access each of these websites and check the information.

[Our Company Website]
<https://www.hi-lex.co.jp/shm/>



[Website for the publication of documents for the Annual Meeting of Shareholders]
<https://d.sokai.jp/7279/teiji/>



[Tokyo Stock Exchange Website (Listed Company Search)]
<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>



(Please access the TSE website above, enter and search “HI-LEX CORPORATION” in “Issue name (company name)” or “Code” with our company’s stock code “7279,” select “Basic information” and then “Documents for public inspection/PR Information,” and check from the “Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting” section under “Filed information available for public inspection.”)

If you are unable to attend the Meeting, you may exercise your voting rights via the Internet or in writing (by mail). Please review the “Reference Document for the Annual Meeting of Shareholders” and exercise your voting rights in accordance with the “Guide to the Exercise of Voting Rights” shown below by the close of the Company’s business hours (5:20 p.m.) on Friday, January 26, 2024 (JST).

1. **Date** 10 a.m., Saturday, January 27, 2024 (reception opens at 9 a.m.)
2. **Venue** 1-1-33 Sakae-machi, Takarazuka-shi, Hyogo
1st Floor, Banquet Hall Houju, Takarazuka Hotel

Please refer to the “Annual Meeting of Shareholders Venue Map” at the end of this document if you are visiting the venue.

3. **Purpose**

Items to be reported

1. Business Report, Consolidated Financial Statements and Audit Results of Consolidated Financial Statements by Accounting Auditors and the Board of Corporate Auditors for the 80th business period (from November 1, 2022 to October 31, 2023)
2. Non-consolidated Financial Statements for the 80th business period (from November 1, 2022 to October 31, 2023)

Items to be resolved

Company Proposal

Item No. 1: Appropriation of Retained Earnings

Item No. 2: Election of Four (4) Directors

Item No. 3: Election of Three (3) Corporate Auditors

Shareholder Proposal

Item No. 4: Amendment to the Articles of Incorporation for the Appropriation of Retained Earnings

Item No. 5: Amendment to the Articles of Incorporation for the Acquisition of Treasury Shares

Item No. 6: Amendment to the Articles of Incorporation for the Publication of Financial Results Presentation Documents

◎ **When you attend the Meeting, please submit the enclosed voting form to the reception at the venue.**

◎ **In the event of a change to the Matters to Be Provided Electronically, a statement to that effect and the matters before and after the change will be published on each of the above websites.**

◎ **In accordance with the amendment to the Companies Act, Matters to Be Provided Electronically will, in principle, only be sent in writing to shareholders who have accessed the aforementioned Internet websites to confirm the information and who have made a written request by the record date. However, for this Meeting, the Company will send a document entitled “Matters to Be Provided Electronically” to all shareholders with voting rights, regardless of whether they have requested delivery of the document or not.**

In addition, the following items of “Matters to Be Provided Electronically” will not be included in the document to be sent pursuant to the provisions of laws and regulations and Article 16, Paragraph 2 of the Articles of Incorporation of the Company.

(i) Notes to Consolidated Financial Statements

(ii) Notes to Non-consolidated Financial Statements

Accordingly, the consolidated financial statements and the non-consolidated financial statements included in this document form part of the relevant documents that have been audited by the Accounting Auditor in preparing the Accounting Auditor’s Report and by the Statutory Auditors in preparing their Statutory Auditors’ Report.

Reference Document for the Annual Meeting of Shareholders

Meeting Agenda and Reference Matters

<Company Proposals 1 to 3>

Proposals 1 to 3 are Company Proposals.

Item No. 1: Appropriation of Retained Earnings

Regarding the year-end dividend and appropriation of surplus for the fiscal year under review, the Company proposes the following, considering strengthening of the management structure and future business development, as well as internal reserves and the consolidated dividend payout ratio.

1. Year-end Dividend

- (1) Matters concerning the allocation of dividend assets to shareholders and the total amount thereof

The Company would like to disburse 17 yen per common share of the Company.

Total amount of dividends 638,269,760 yen

- (2) Effective date on which dividends are disbursed from retained earnings

January 29, 2024

2. Matters concerning appropriation of surplus

In order to improve soundness of the Company's financial position, the Company proposes to reverse a portion of reserves separately and transfer the same amount to retained earnings brought forward.

- (1) Entries for reduced surplus and amount thereof

General reserve 1,000,000,000 yen

- (2) Entries for increased surplus and amount thereof

Retained earnings brought forward 1,000,000,000 yen

Item No. 2: Election of Four (4) Directors

As the terms of office of all five (5) Directors will expire at the conclusion of this Annual Meeting of Shareholders, the Company proposes that four (4) Directors be elected.

The candidates for Director are as follows.

List of Candidates

Candidate No.	Attribute	Name [First / Last]	Present Position in the Company	Attendance at Board of Directors Meetings	Term of Office as Director (At closing of Annual Meeting of Shareholders)
1	Reap- pointment	Taro Teraura	President and Representative Director	13/13 times	11 years
2	Reap- pointment Outside Independ- ent	Yasuko Masaki	Director	12/13 times	16 years
3	Reap- pointment Outside Independ- ent	Hiromi Yoshikawa	Director	13/13 times	3 years
4	New Ap- pointment Foreign nationality Outside Independ- ent	Kenji Uenishi	-	-	-

Reap- pointment	Candidate for re- election of Direc- tor	Outside	Candidate for Outside Director	Independ- ent	Candidates for Independent Officers as stip- ulated by the Tokyo Stock Exchange
New Ap- pointment	Candidate for new appointment of Director	Foreign nationality	Candidate for Di- rector with foreign nationality		

Candidate No.	Name [First / Last] (Date of Birth)	Brief Profile, Position and Responsibility at the Company, and Important Concurrent Position	No. of Company's Shares Owned
1	<p style="text-align: center;">Taro Teraura (Born on May 12, 1977)</p> <div style="border: 1px solid black; width: 50px; margin: 0 auto; padding: 2px; text-align: center;">Reap- pointment</div>	<p>Sep. 2002 Joined the Company Jan. 2012 Executive Officer of the Company Jan. 2013 Managing Director of the Company Dec. 2013 In charge of Chennai, India Business of the Company Jan. 2018 Senior Managing Director of the Company Jun. 2018 In charge of Global Sales Department and European Business of the Company Jan. 2020 President and Representative Director (incumbent) [Important concurrent positions] HI-LEX HUNGARY CABLE SYSTEM MANUFACTURING LLC CEO HI-LEX CZECH, S.R.O. CEO</p>	75,582 shares
<p>[Reason for nomination as a candidate for Director] Mr. Taro Teraura is expected to make appropriate management judgments and decisions in order for the Group to achieve sustainable growth in the future. This includes making use of his abundant experience and knowledge to make management judgments and decisions in the global development of the business founded on the Company's bases in 16 countries around the world, and boldly taking on challenges in this era of dramatic change in the automobile industry. For this reason, he continues to be a candidate for the position of Director.</p>			

Candidate No.	Name [First / Last] (Date of Birth)	Brief Profile, Position and Responsibility at the Company, and Important Concurrent Position	No. of Company's Shares Owned			
2	<p data-bbox="357 613 616 674">Yasuko Masaki (Born on April 8, 1955)</p> <table border="1" data-bbox="349 725 624 775"> <tr> <td data-bbox="352 730 437 770">Reap- pointment</td> <td data-bbox="437 730 531 770">Outside</td> <td data-bbox="531 730 620 770">Independ- ent</td> </tr> </table>	Reap- pointment	Outside	Independ- ent	<p data-bbox="639 322 1227 1095"> Apr. 1982 Registered as a practicing attorney (Kobe Bar Association (current Hyogo-Ken Bar Association)) (incumbent) Apr. 2004 Professor of the Law School, Kwasei Gakuin University Jan. 2008 Director of the Company (incumbent) Apr. 2008 President of Hyogo-Ken Bar Association Apr. 2011 Manager of Hyogo District Office, Japan Legal Support Center Apr. 2013 President of Kinki Federation of Bar Associations Jun. 2014 Non-member Auditor, Consumers Co-operative Kobe (incumbent) Mar. 2018 Outside Auditor of Noritz Corporation Apr. 2018 Vice President of Japan Federation of Bar Associations Mar. 2019 Director (Audit and Supervisory Committee Member) (Outside) of Noritz Corporation (incumbent) [Important concurrent positions] Non-member Auditor, Consumers Co-operative Kobe Director (Audit and Supervisory Committee Member) (Outside) of Noritz Corporation </p>	- shares
Reap- pointment	Outside	Independ- ent				
<p data-bbox="352 1106 1394 1431"> [Reason for nomination as a candidate for Outside Director and outline of expected role] Ms. Yasuko Masaki has a wealth of experience and deep insight, having worked as a lawyer for many years and held important positions in several bar associations. As Outside Director of the Company, she has provided useful suggestions as a legal expert by utilizing her abundant experience, and also attended the Nomination and Compensation Committee and actively expressed her opinions as a member of it. Based on the above, she is expected to strengthen the corporate governance of the Company by providing findings and proposals on the issues of Company's overall management, and by providing appropriate involvement and advice as independent Outside Director and a member of the Nomination and Compensation Committee, which is a voluntary organization. For this reason, we continue to nominate her as a candidate for the position of Outside Director. </p>						

Candidate No.	Name [First / Last] (Date of Birth)	Brief Profile, Position and Responsibility at the Company, and Important Concurrent Position	No. of Company's Shares Owned			
3	<p style="text-align: center;">Hiromi Yoshikawa (Born on May 13, 1953)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; width: 33%;">Reap- pointment</td> <td style="text-align: center; width: 33%;">Outside</td> <td style="text-align: center; width: 33%;">Independ- ent</td> </tr> </table>	Reap- pointment	Outside	Independ- ent	<p>Apr. 1976 Joined Otsuka Pharmaceutical Co., Ltd. Jul. 2001 Director of Otsuka Pharmaceutical Co., Ltd. Jul. 2007 Managing Director of Otsuka Pharmaceutical Co., Ltd. Apr. 2009 Executive Senior Managing Director of Otsuka Pharmaceutical Factory, Inc. Mar. 2017 Advisor of Otsuka Pharmaceutical Factory, Inc. Sep. 2017 Director of MNES Inc. Nov. 2018 COO and Director of MNES Inc. Jan. 2021 Director of the Company (incumbent) Feb. 2021 Advisor of CureApp, Inc. May 2021 Outside Director of CureApp, Inc. (incumbent) [Important concurrent positions] Outside Director of CureApp, Inc.</p>	- shares
Reap- pointment	Outside	Independ- ent				
<p>[Reason for nomination as a candidate for Outside Director and outline of expected role] Mr. Hiromi Yoshikawa has held important positions such as director at several companies, and has a wealth of experience and broad insight as a corporate manager in other industries. As Outside Director, he plays an important role in ensuring the adequacy and appropriateness of management decisions and supervision by the Board of Directors of the Company, and provides useful advice and suggestions based on his extensive experience in the corporate management. He is, based on the above, expected to identify issues and make proposals on the Company's overall management, thereby ensuring the Company's sustainable growth, enhancing corporate value, ensuring sound management, and strengthening corporate governance. For this reason, he continues to be a candidate for the position of Outside Director.</p>						

Candidate No.	Name [First / Last] (Date of Birth)	Brief Profile, Position and Responsibility at the Company, and Important Concurrent Position	No. of Company's Shares Owned						
4	<p style="text-align: center;">Kenji Uenishi (Born on August 11, 1953)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">New Appointment</td> <td style="text-align: center;">Outside</td> <td style="text-align: center;">Independent</td> </tr> <tr> <td style="text-align: center;">Foreign nationality</td> <td></td> <td></td> </tr> </table>	New Appointment	Outside	Independent	Foreign nationality			<p>Jun. 1983 Joined Acoustic Technology Inc. (U.S.) Jul. 1985 Joined Vigyan Associates Inc. (U.S.) Jul. 1987 Joined GE Aviation (U.S.) Mar. 1997 President of Japan Branch, GE Aviation (U.S.) Jan. 2008 President of Asia Pacific, GE Energy (U.S.) Oct. 2013 Director, Senior Managing Executive Officer, LIXIL Corporation Jul. 2017 President and Representative Director of Xacti Corporation Jan. 2019 Director, PriceHubble Japan Co., Ltd. (incumbent) [Important concurrent positions] Director, PriceHubble Japan Co., Ltd.</p>	2,200 shares
New Appointment	Outside	Independent							
Foreign nationality									
<p>[Reason for nomination as a candidate for Outside Director and outline of expected role] Mr. Kenji Uenishi is a U.S. citizen and has worked in research and technology for a U.S. NASA (National Aeronautics and Space Administration) company. Over the years, he has managed the overseas operations of a multinational conglomerate in several countries and regions, uniting many teams of different races, languages and cultures and contributing to the significant business growth of the company. He has since served as a Director and in other capacities for a number of companies, utilizing the knowledge gained from this experience. Based on the above, he is expected to identify issues and make proposals on the Company's overall management, thereby ensuring the Company's sustainable growth, enhancing corporate value, ensuring sound management, and strengthening corporate governance. For this reason, he is nominated as a candidate for the position of Outside Director.</p>									

- Notes: 1. There is no special conflict of interest between the candidates and the Company.
2. Ms. Yasuko Masaki and Mr. Hiromi Yoshikawa are two (2) candidates for Outside Director. Their terms in office for Outside Director will be sixteen (16) years for Ms. Yasuko Masaki and three (3) years for Mr. Hiromi Yoshikawa at the conclusion of this Annual Meeting of Shareholders. Mr. Kenji Uenishi is a new candidate for Outside Director.
3. Ms. Yasuko Masaki has no previous experience in corporate management other than as an Outside Director or Outside Corporate Auditor. However, as stated above in the "Reason for nomination as a candidate for Outside Director and outline of expected role," we believe that she will be able to appropriately perform her duties as an Outside Director.
4. The Company has entered into an agreement with Ms. Yasuko Masaki and Mr. Hiromi Yoshikawa to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act, pursuant to Article 427, Paragraph 1 of the same Act, up to the minimum liability amount stipulated in Article 425, Paragraph 1 of the same Act. If the two (2) candidates are elected at this Annual Meeting of Shareholders as proposed, the said agreement limiting liability will be continued. In addition, if Mr. Kenji Uenishi is elected as proposed, we plan to enter into a similar limited liability agreement with him.
5. The Company has designated Ms. Yasuko Masaki and Mr. Hiromi Yoshikawa as Independent Officers set forth by the Tokyo Stock Exchange and registered them thereto. If these two (2) candidates are elected as proposed, the Company will continue to register them as Independent Officers with the Tokyo Stock Exchange. Mr. Kenji Uenishi fulfils the requirements for an independent officer set by the Tokyo Stock Exchange, and if he is elected as proposed, the Company will register him as an independent officer with the Stock Exchange.
6. The Company has entered into a Directors and Officers Liability Insurance policy with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, as described in "4. (4) Outline of the coverage of Directors and Officers Liability Insurance policy, etc." on page 36 of the Japanese version of the Business Report. If the candidates are elected at this Annual Meeting of Shareholders as proposed, they will continue to be included as insured persons under the said insurance policy. In addition, the insurance policy is scheduled to be renewed with the same coverage at

the next renewal.

Item No. 3: Election of Three (3) Corporate Auditors

As the terms of office of all four (4) Corporate Auditors will expire at the conclusion of this Annual Meeting of Shareholders, the Company proposes that three (3) Corporate Auditors be elected.

With regard to this proposed item, consent of the Board of Corporate Auditors has been obtained.

The candidates for Corporate Auditor are as follows.

List of Candidates

Candidate No.	Attribute	Name [First / Last]	Present Position in the Company	Attendance at Board of Directors Meetings	Attendance at Board of Corporate Auditors Meetings
1	Reap- pointment	Koichi Matsumoto	Full-time Corporate Auditor	13/13 times	13/13 times
2	Reap- pointment Outside Independ- ent	Takashi Ueda	Corporate Auditor	13/13 times	13/13 times
3	New Ap- pointment Outside Independ- ent	Kenryo Goto	-	-	-

Reap- pointment	Candidate for re-election of Corporate Auditor	Outside	Candidate for Outside Corporate Auditor	Independ- ent	Candidates for Independent Officers as stipulated by the Tokyo Stock Exchange
New Ap- pointment	Candidate for new appointment of Corporate Auditor				

Candidate No.	Name [First / Last] (Date of Birth)	Brief Profile, Position at the Company, and Important Concurrent Position	No. of Company's Shares Owned
1	Koichi Matsumoto (Born on November 8, 1966) <input type="checkbox"/> Reap- pointment	Mar. 1989 Joined the Company Dec. 2011 Accounting Group Manager of the Company Jan. 2020 Full-time Corporate Auditor of the Company (incumbent)	2,200 shares
	<p>[Reason for nomination as a candidate for Corporate Auditor] Mr. Koichi Matsumoto continues to be nominated as a candidate for the position of Corporate Auditor because we believe that he can conduct objective and appropriate audits not only of the Company, but also of domestic and overseas Group companies, focusing on field and actual operations, by utilizing his extensive knowledge and experience in accounting and finance and other related fields.</p>		
2	Takashi Ueda (Born on June 5, 1958) <input type="checkbox"/> Reap- pointment <input type="checkbox"/> Outside <input type="checkbox"/> Independ- ent	Apr. 1981 Joined the Osaka Regional Taxation Bureau Jul. 2018 Assumed post of District Director of Minami Tax Office Aug. 2019 Registered as a certified tax accountant (incumbent) Jan. 2022 Corporate Auditor of the Company (incumbent)	- shares
	<p>[Reason for nomination as a candidate for Outside Corporate Auditor] Since Mr. Takashi Ueda is a certified tax accountant and has considerable knowledge of finance and accounting, including serving as District Director of a tax office, the Company judged that he is expected to conduct objective and appropriate audits based on his wealth of experience and professional perspective, and therefore continued to nominate him as a new candidate for Outside Corporate Auditor.</p>		

Candidate No.	Name [First / Last] (Date of Birth)	Brief Profile, Position at the Company, and Important Concurrent Position	No. of Company's Shares Owned			
3	<p style="text-align: center;">Kenryo Goto (Born on February 18, 1958)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; text-align: center;">New Appointment</td> <td style="width: 33%; text-align: center;">Outside</td> <td style="width: 33%; text-align: center;">Independent</td> </tr> </table>	New Appointment	Outside	Independent	<p>Sep. 1981 Joined the Osaka Office of Asahi Accounting Corporation (currently KPMG AZSA LLC)</p> <p>Mar. 1984 Registered as a certified public accountant</p> <p>May 2005 Representative Partner (currently Partner)</p> <p>Jul. 2010 Director and Head of Business Unit III of Osaka Office</p> <p>Jul. 2013 Managing Director</p> <p>Jul. 2015 Head of Osaka Office</p> <p>Jul. 2020 Establishment of Goto Kenryo Certified Public Accountant Office (incumbent)</p> <p>Apr. 2021 Auditor, Hyogo Medical University (incumbent)</p> <p>Jun. 2021 Outside Director (Audit and Supervisory Committee Member) of Towa Pharmaceutical Co., Ltd. (incumbent)</p> <p>Jun. 2022 Outside Director (Audit and Supervisory Committee Member) of West Japan Railway Company (incumbent)</p> <p>[Important concurrent positions] Auditor of Hyogo Medical University Outside Director (Audit and Supervisory Committee Member) of Towa Pharmaceutical Co., Ltd. Outside Director (Audit and Supervisory Committee Member) of West Japan Railway Company</p>	- shares
New Appointment	Outside	Independent				
<p>[Reason for nomination as a candidate for Outside Corporate Auditor] Mr. Kenryo Goto is nominated as a candidate for Outside Corporate Auditor because of his professional experience as a Certified Public Accountant and deep insight into finance and accounting, etc., and because he is expected to conduct appropriate audits based on his extensive experience and high-level professional perspective.</p>						

- Notes:
1. There is no special conflict of interest between the candidates and the Company.
 2. Mr. Takashi Ueda is a candidate for Outside Corporate Auditor. His tenure as Corporate Auditor will be two (2) years at the conclusion of this Annual Meeting of Shareholders. Mr. Kenryo Goto is a new candidate for Outside Corporate Auditor.
 3. Mr. Takashi Ueda and Mr. Kenryo Goto have no previous experience in corporate management other than as Outside Directors or Outside Corporate Auditors. However, as stated above in the “Reason for nomination as a candidate for Outside Director and outline of expected role,” we believe that they will be able to appropriately perform their duties as Outside Directors.
 4. The Company has entered into an agreement with Mr. Takashi Ueda to limit his liability for damages under Article 423, Paragraph 1 of the Companies Act, pursuant to Article 427, Paragraph 1 of the same Act, up to the minimum liability amount stipulated in Article 425, Paragraph 1 of the same Act. If he is elected at this Annual Meeting of Shareholders as proposed, the said agreement limiting liability will be continued. In addition, if Mr. Kenryo Goto is elected as proposed, we plan to enter into a similar limited liability agreement with him.
 5. The Company designates Mr. Takashi Ueda as Independent Officer in accordance with the provisions of the Tokyo Stock Exchange and has notified the Stock Exchange to that effect. If he is elected as proposed, we will continue to notify the Tokyo Stock Exchange that he is an Independent Officer. Mr. Kenryo Goto fulfils the requirements for an independent officer set by the Tokyo Stock Exchange, and if he is elected as proposed, the Company will register him as an independent officer with the Stock Exchange.
 6. The Company has entered into a Directors and Officers Liability Insurance policy with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, as described in “4. (4) Outline of the coverage of Directors and Officers Liability Insurance policy, etc.” on page 36 of the Japanese version of the Business Report. If the candidates are elected at this Annual Meeting of Shareholders as proposed, they will continue to be included as insured persons under the said insurance policy. In addition, the insurance policy is scheduled to be renewed with the same coverage at the next renewal.

[Reference] Area of Special Expectations for the Company's Directors and Corporate Auditors

Based on the expertise and experience of the Company's Directors and Corporate Auditors, the areas in which the Company particularly expects each of them to excel are listed below and do not represent the full range of knowledge owned by the candidates.

(Plan after the conclusion of Ordinary Annual Meeting of Shareholders)

Name [First / Last]	Position in the Company	Gender	Nationality	Outside	Nomination & Compens- ation Committee	Independent Committee*	Area of Particular Expectation					
							Corporate management	Management strategy	Risk Manage- ment	Legal	Finance	Corporate philosophy
Taro Teraura	President and Representative Director	Male	Japan		•		•	•				•
Yasuko Masaki	Director	Female	Japan	•	•	•			•	•		
Hiromi Yoshikawa	Director	Male	Japan	•	•	•	•		•		•	
Kenji Uenishi	Director	Male	U.S.	•	•	•	•	•	•			
Koichi Matsumoto	Full-time Corporate Auditor	Male	Japan							•	•	
Takashi Ueda	Corporate Auditor	Male	Japan	•		•			•		•	
Kenryo Goto	Corporate Auditor	Male	Japan	•		•			•		•	

* Voluntarily established under the Policy on Large-Scale Purchases, etc. of the Company's shares (Takeover Defense Measures).

<Shareholder Proposals 4 to 6>

Proposals No. 4 to No. 6 are proposals submitted by one shareholder.

The content of each proposal (Outline of the Proposal) and the Rationale for the Proposal, including the wording and factual recognition, are presented in the original text as submitted by the proposing shareholder, except for non-substantive corrections.

Item No. 4: Amendment to the Articles of Incorporation for the Appropriation of Retained Earnings

1. Outline of the Proposal

Article 45 shall be newly established as follows, and the numbering of Article 45 and subsequent articles in the current Articles of Incorporation shall be moved one article down. The amendment to the Articles of Incorporation pursuant to this Proposal shall become effective upon approval of the Proposal at this Annual Meeting.

(Year-end Dividends)

Article 45 The Company shall aim to pay a year-end dividend at the end of each fiscal year in an amount equal to 3% or more of net assets within the amount available for dividends and from other retained earnings as a source of dividends.

2. Rationale for the Proposal

The Company is a global manufacturer of automotive control cables and a blue-chip automotive parts manufacturer that, before the COVID-19 disaster and the disruption caused by the semiconductor shortage, had an ordinary profit of well over 10 billion yen, albeit fluctuating, but its stock price has been stagnant, with a price-to-book ratio (PBR) of 0.28× (as of November 2, 2023, TSE Standard Market average: 0.95×).

In addition, the company's shareholder returns have been unstable in line with the recent earnings slump, with dividends declining from 53 yen in FYE10/2019 to 34 yen in FYE10/2020-2022. Auto parts companies, whose earnings are inherently highly volatile due to model cycles and other factors, are subject to large fluctuations in dividends under a payout ratio standard based on earnings. While the instability of dividends is considered to be one of the reasons for the stagnant stock price, the introduction of a Dividend on Equity (DOE) ratio based on shareholders' equity is expected to bring stability to shareholders' returns and ultimately lead to a stable shareholder structure in the long term. Therefore, the above is proposed.

Opinion of the Company's Board of Directors

We oppose the Proposal.

The Company's dividend policy is to maintain stable dividends over the long term, taking into account profitability for shareholders, future earnings forecasts, future business development, and other factors. The Company has implemented this policy according to the level of retained earnings in response to changes in the business environment and other factors, as well as the long-term stable dividend and consolidated dividend payout ratio.

The business environment is becoming increasingly challenging, as the Group faces significant changes in the business environment, including a decline in control cable applications due to the shift to electric vehicles, fluctuations in the market share and production volume of Japanese automobile manufacturers, which account for a large portion of the Group's business, high energy and material prices, intensifying competition, and the impact of exchange rate fluctuations.

Under these circumstances, the Company will promote measures such as increasing customer value by strengthening the supply system for competitive products and developing new products with new added value, and will strengthen its stable profit structure and ability to generate funds to ensure the Group's continued growth in the future and increase its corporate value. We believe this will ultimately result in returns to our shareholders.

On the other hand, this proposal seeks to amend the Articles of Incorporation to determine the dividends of retained earnings, etc., on the basis of the Company's net assets, without taking into account the Company's business environment and performance trends.

Such a provision in the Articles of Incorporation may hinder the implementation of a flexible capital policy by the Group and the maintenance of the financial strength of the Company, and may also impede the implementation of growth investments based on a medium- to long-term perspective, which may not lead to an increase in the value of the Company.

For these reasons, the Board of Directors opposes the Proposal.

Item No. 5: Amendment to the Articles of Incorporation for the Acquisition of Treasury Shares

1. Outline of the Proposal

Article 7 of the current Articles of Incorporation shall be renumbered Article 7, Paragraph 1, and Paragraph 2 shall be newly established as follows. The amendment to the Articles of Incorporation pursuant to this Proposal shall become effective upon approval of the Proposal at this Annual Meeting.

Article 7

2 The Board of Directors shall repurchase its own shares each fiscal year within the amount available for dividends until the Company's share price has recovered to a PBR of 1×, provided that the total amount of the repurchase price represents 1% or more of the Company's equity at the end of the fiscal year.

2. Rationale for the Proposal

Stock prices are not necessarily linked to earnings and financial performance, as they are also affected by the macroeconomic environment and stock market trends. However, share repurchases during a stock price slump not only improve the financial position, but also promote a sense of security among shareholders and increase the corporate value, through management's attitude of not overlooking a stock price slump.

The Company's earnings have been stagnant for the past several years, with ordinary profit falling from over 20.6 billion yen in the fiscal year ended October 31, 2015, to a loss of over 2.4 billion yen in the fiscal year ended October 31, 2022, but this is expected to recover to a profit of 3.6 billion yen in the current fiscal year (the Company's forecast as of November 2, 2023). The reason why the PBR has fallen well below 1×, even though the Company appears to be recovering from its earnings slump, is that shareholders are concerned about the Company's management attitude, where it has neglected to repurchase own shares despite its financial strength, and has allowed the share price to stagnate. To address these concerns and restore shareholder confidence, it is proposed that the Company continue to repurchase shares until the share price exceeds 1× PBR.

Opinion of the Company's Board of Directors

We oppose the Proposal.

The Company recognizes that the purchase of treasury shares is an effective means to implement a flexible capital policy in response to changes in the business environment and to enhance shareholder returns.

With respect to such repurchases, the Company has a policy of implementing such repurchases flexibly and as needed, taking into comprehensive consideration the business environment, performance trends, financial position, and other factors, and has made efforts to return profits to shareholders through the purchase of treasury shares of approximately 1 billion yen in FY2021.

On the other hand, as mentioned in the opinion of our Board of Directors in Proposal 4, the business environment in which we operate is facing significant changes, and the Group needs to make strategic investments for growth, including facilities, R&D, and M&A, which are necessary for continued growth and increased corporate value in the future.

The Company has experienced sluggish earnings growth in recent years and is taking seriously the condition of its PBR, which has fallen well below 1× due to a weak stock price. For future improvement, we believe it is important to achieve highly profitable management by increasing customer value through efforts to strengthen competitiveness, management foundation, development, and human resource training, and by fulfilling our mission as a “First-Call Company.”

In contrast, this proposal would amend the Articles of Incorporation to require the Company to repurchase its own shares in an amount equal to 1% or more of its shareholders' equity each fiscal year until the Company's stock price recovers to a PBR of 1×, regardless of the business environment in which the Company operates or performance trends. Such a provision would fix the timing and method of shareholder returns and there are concerns that it would undermine the mobility and flexibility of capital policy, including shareholder returns, and make it more difficult to secure financial resources for the Group's future growth investments, which may result in a failure to enhance our corporate value and benefit all of our shareholders.

For these reasons, the Board of Directors opposes the Proposal.

Item No. 6: Amendment to the Articles of Incorporation for the Publication of Financial Results Presentation Documents

1. Outline of the Proposal

The following article shall be added to the Articles of Incorporation; provided, however, that the article number shall be Article 49 as follows, assuming Proposal 1 is approved as originally proposed, but if rejected, it shall be Article 48. The amendment to the Articles of Incorporation pursuant to this Proposal shall become effective upon approval of the Proposal at this Annual Meeting.

Chapter 8. Other Provisions

(Publication of Presentation Documents for Financial Results)

Article 49 The Company shall publish quarterly financial results presentation documents containing the following information:

- (1) Sales/profit by region and business segment and analysis of changes
- (2) Medium-term management plan and its progress
- (3) Basic policy and measures to increase corporate value
- (4) Shareholder return policy

2. Rationale for the Proposal

Principle 5-2 of the Corporate Governance Code states that, when formulating and announcing management strategies and corporate plans, companies should present their basic policies and targets for profitability and capital efficiency, etc., as consideration and an explanation of important matters that may have a significant impact on shareholders. In addition, the company should clearly explain to shareholders, in language and logic that is easy to understand, how it will allocate management resources to achieve these goals. Although the auto parts industry is recovering from the disruptions caused by the COVID-19 disaster and the semiconductor shortage, it is facing a major transformation in the form of the shift to electric vehicles. It is at times like this, when the business environment is highly volatile, that a clearer business analysis and explanation of management strategies are required.

In light of the changing industry structure, many auto parts companies have already announced their strategies with specific forecast figures, clearly indicating the focus areas that will compensate for the expected decline in demand for their products. The Company has not disclosed detailed presentation documents, particularly in its response to the shift to electric vehicles and in its financial strategy. The Company's business environment is also changing drastically, as the shift to electric vehicles is expected to reduce demand for some of its products, and while sales in the Chinese market are already declining, demand for products for developing countries is increasing due to the progress of electrification. To address these changes, we need to formulate and disclose a clear medium-term management plan and implement management with strong determination. In addition, we hold 54.1 billion yen in investment securities (as of the end of the third quarter of 2023), accounting for 27.7% of our net assets. Many asset management companies seek "20% or less" and strict companies seek "10% or less," as excessive investment securities have the negative effect of reducing capital efficiency and management discipline. However, the ratio of investment securities to net assets is conspicuously high in this context, and the Company needs to streamline its finances as

soon as possible to create funds for investment in growth areas.

Relying on the high profitability of recent years, the Company has not provided sufficient information to the shareholders about its current and future status. In order to overcome the current situation in which inadequate disclosure has caused concern among shareholders and contributed to the low share price, the above proposal is made to require the preparation and disclosure of a detailed medium-term management plan and careful explanation of the progress of the plan in the financial results presentation documents.

Opinion of the Company's Board of Directors

We oppose the Proposal.

This proposal requires the Company to improve the presentation of financial results and to explain to various stakeholders, including shareholders, the medium-term management plan and its progress in terms of financial results, as well as other fundamental policies and strategies for the future, and the Company recognizes their importance.

In accordance with the principles of the Corporate Governance Code, we believe it is important to present the Company's management strategy to a broad range of shareholders in simple language. The Company has been disclosing information on issues to be addressed by management, its future policy on these issues, dividend policy, etc. through the Notice of Meeting, Annual Report, Annual Securities Report and other documents. In addition, we have responded to each situation by disclosing IR meeting materials and participating in IR fairs to engage in dialogue with our shareholders, investors and other stakeholders.

The Board of Directors shares the valuable opinions and comments of shareholders that in the wake of major changes in the automotive industry, the Company's main business, clearer business analysis and explanation of management strategies such as investments for future growth are required, and we will further improve our explanations.

On the other hand, regarding the handling of competitively sensitive information, we believe that it is appropriate to determine the content of financial results presentation materials on a case-by-case basis, taking into account the business environment and the status of dialogue with shareholders and investors, rather than prescribing the content uniformly in the Articles of Incorporation.

For these reasons, the Board of Directors opposes the Proposal.