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Securities Code: 3526

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To Our Shareholders:

Shigeyuki Washine, Representative Director and
President

Ashimori Industry Co., Ltd.

11-61, Senrioka 7-chome, Settsu, Osaka, Japan

Notice of the 124th Annual General Meeting of Shareholders

You are hereby notified that the 124th Annual General Meeting of Shareholders of Ashimori Industry Co., Ltd. (the “Company”) will be held as described below.

When convening this General Meeting of Shareholders, the Company takes measures for providing information that constitutes the content of reference documents for the General Meeting of Shareholders, etc. (items for which measures for providing information in electronic format are to be taken) in electronic format, and posts this information on the Company’s website. Please access the Company’s website by using the internet address shown below to review the information.

The Company’s website:

<https://www.ashimori.co.jp/ir/library/meeting/> (in Japanese)

In addition to posting items 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 “Ashimori Industry” in “Issue name (company name)” or the Company’s securities code “3526” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].”

TSE website (Listed Company Search):

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

If you are unable to attend the meeting in person, you may exercise your voting rights in writing (by post) or via the Internet, etc. Please review the reference documents for the General Meeting of Shareholders and exercise your voting rights by 5:30 p.m. on Thursday, June 20, 2024 by referring to the “Information on how to exercise your voting rights” listed on pages 3 to 4 (in Japanese only).

- 1. Date and Time:** Friday, June 21, 2024 at 10:00 a.m. (JST) (Reception open at 9:00 a.m.)
- 2. Venue:** First meeting room of the main building of the Company’s Head Office & Osaka Plant
11-61, Senrioka 7-chome, Settsu, Osaka, Japan

3. Purposes:

Items to be reported:

1. Business Report and Consolidated Financial Statements for the 124th term (April 1, 2023 to March 31, 2024), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
2. Non-consolidated Financial Statements for the 124th term (April 1, 2023 to March 31, 2024)

Items to be resolved:

- | | |
|-----------------------|--|
| Proposal No. 1 | Appropriation of Surplus |
| Proposal No. 2 | Election of Nine Directors |
| Proposal No. 3 | Election of One Audit & Supervisory Board Member |

- Proposal No. 4** Election of One Substitute Audit & Supervisory Board Member
- Proposal No. 5** Determination of Remuneration for Granting Restricted Shares to Directors (Excluding Outside Directors)

- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
- If revisions to the items subject to measures for electronic provision arise, the details of the revisions will be posted on the websites described on the previous page.
- Note that, for this General Meeting of Shareholders, paper-based documents stating items subject to measures for electronic provision will be delivered regardless of whether a request for delivery of such documents was made. Among the items subject to measures for electronic provision, in accordance with the provisions of laws and regulations and Article 16 of the Articles of Incorporation of the Company, the following items are not provided in the paper-based documents to be delivered.
 - 1) “Status of share acquisition rights, etc.” and “System for ensuring the appropriateness of business and overview of the operational status of the system” of the Business Report
 - 2) “Consolidated statement of changes in equity” and “Notes to consolidated financial statements” of the Consolidated Financial Statements
 - 3) “Statement of changes in equity” and “Notes to non-consolidated financial statements” of the Non-consolidated Financial Statements

Of the above, 1) to 3) are part of the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements audited by the Audit & Supervisory Board Members when preparing the audit report. Also, 2) and 3) of the above are part of the Consolidated Financial Statements and the Non-consolidated Financial Statements audited by the Accounting Auditor when preparing the accounting audit report.

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Information

Proposal No. 1 Appropriation of Surplus

The Company recognizes the return of profit to shareholders as one of the most important matters, and our basic policy is to pay stable dividends on an ongoing basis.

Taking into account the business performance, business environment and its internal reserves, the Company proposes to pay year-end dividends for the fiscal year as follows:

- (1) Type of dividend property
Cash
- (2) Allotment of dividend property and aggregate amount thereof
¥100 per common share of the Company
In this event, the total dividends will be ¥600,600,600.
- (3) Effective date of dividends of surplus
June 24, 2024

Proposal No. 2 Election of Nine Directors

The terms of office of the nine Directors, Mr. Shigeyuki Washine, Mr. Futoshi Makimoto, Mr. Shuichi Toriyama, Mr. Kaoru Nagatomi, Mr. Kazuyoshi Ito, Mr. Hideaki Sekioka, Mr. Haruo Shimizu, Mr. Yasushi Okada and Mr. Takashi Ogawa will expire at the conclusion of this meeting. Therefore, the Company proposes the election of nine Directors. The election of candidates for Director was reported to the Advisory Board, the majority of whose members are independent Outside Directors.

The candidates for Director are as follows:

Candidate No.	Name		Current positions and responsibilities in the Group
1	Hiromasa Zaitso	New election	Advisor
2	Futoshi Makimoto	Re-election	Director, Managing Executive Officer Division Manager of the High Performance Products Business Division, Head of Osaka Office
3	Kaoru Nagatomi	Re-election	Director, Managing Executive Officer Division Manager of Automotive Safety Systems Business Division
4	Kazuyoshi Ito	Re-election	Director, Executive Officer General Manager of PALTEM Management Group, Head of Tokyo Office, Representative Director and President of Ashimori Engineering Co., Ltd.
5	Akinori Koyama	New election	Executive Officer General Manager of Automotive Safety Systems Engineering Management Group, General Manager of Automotive Safety Systems Business Management Group
6	Haruo Shimizu	Re-election (Outside)	Outside Director
7	Yasushi Okada	Re-election (Outside)	Outside Director
8	Takashi Ogawa	Re-election (Outside)	Outside Director
9	Kazuyoshi Furukawa	New election (Outside)	-

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned	
1	Hiromasa Zaitu* (March 25, 1963)	Apr. 1985	Joined Toyota Motor Corporation	10,000
		Jan. 2010	General Manager of Technology Administration Division of Toyota Motor Corporation	
June 2013	General Manager of General Administration of Toyota Motor Corporation			
June 2017	Corporate Officer of Toyoda Gosei Co., Ltd. (current position)			
Jan. 2024	Advisor of the Company (current position)			
[Reasons for nomination as a candidate for Director] Mr. Hiromasa Zaitu has been primarily engaged in the duties of human resources and general administration divisions over many years at Toyota Motor Corporation and Toyoda Gosei Co., Ltd., and currently serves as an Advisor to the Company. With his abundant work experience and broad knowledge in the automotive industry, the Company judges that he is a right person in view of achieving sustainable growth and medium to long term enhancement of the Company's corporate value, and therefore proposes his new election as Director.				
2	Futoshi Makimoto (January 26, 1959)	Aug. 1987	Joined the Company	2,884
		June 2016	President of Ashimori Engineering Co., Ltd.	
June 2017	Executive Officer of the Company			
Nov. 2018	General Manager of PALTEM Management Group of the Company			
June 2019	Director, Managing Executive Officer and Division Manager of the High Performance Products Business Division of the Company (current position)			
June 2023	Head of Osaka Office of the Company (current position)			
[Reasons for nomination as a candidate for Director] Mr. Futoshi Makimoto has been supervising the management and making decisions on important matters appropriately as Director, and has been promoting expansion/re-establishment of the production system and improvement in technology, and striving to enhance sales and profitability as Managing Executive Officer and Division Manager of the High Performance Products Business Division. Based on these achievements, the Company judges that he is the right person to sustainably enhance the Company's corporate value, and therefore proposes his continued election as Director.				
3	Kaoru Nagatomi (April 16, 1965)	Jan. 2019	Joined Toyoda Gosei Co., Ltd. Project General Manager of Safety System Technology Department of Toyoda Gosei Co., Ltd.	113
		June 2021	Executive Officer for Development of Automotive Safety Systems Business Division of the Company	
Apr. 2022	Managing Executive Officer and Division Manager of Automotive Safety Systems Business Division of the Company (current position)			
June 2023	Director of the Company (current position)			
[Reasons for nomination as a candidate for Director] Mr. Kaoru Nagatomi has been supervising the management and making decisions on important matters appropriately as Director, and strengthening the quality assurance system as Managing Executive Officer and Division Manager of Automotive Safety Systems Business Division of the Company. He has been promoting the Group's cost reduction measures and the establishment of a cooperative system with Toyoda Gosei Co., Ltd., and has been striving to enhance sales and profitability. Based on these achievements, the Company judges that he is the right person to sustainably enhance the Company's corporate value, and therefore proposes his continued election as Director.				

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned	
4	Kazuyoshi Ito (December 25, 1959)	Mar. 1988	Joined the Company	1,371
		Apr. 2014	General Manager of PALTEM Sales Department of the Company	
		June 2019	Executive Officer and General Manager of PALTEM Management Group of the Company and Representative Director and President of Ashimori Engineering Co., Ltd. (current position)	
		June 2021	Head of Tokyo Office of the Company (current position)	
		June 2022	Director of the Company (current position)	
<p>[Reasons for nomination as a candidate for Director]</p> <p>Mr. Kazuyoshi Ito has been supervising the management and making decisions on important matters appropriately as Director, and has been striving to enhance the production and sales system and improve technology in the area of pipeline rehabilitation as General Manager of PALTEM Management Group and Representative Director and President of Ashimori Engineering Co., Ltd., which is our group company. Based on these achievements, the Company judges that he is the right person to sustainably enhance the Company's corporate value, and therefore proposes his continued election as Director.</p>				
5	Akinori Koyama* (April 16, 1965)	Apr. 1988	Joined the Company	151
		Nov. 2018	General Manager of Automotive Safety Systems Airbag Technology of the Company (current position)	
		June 2019	Representative Director and President of Ashimori Industria de Mexico, S.A. de C.V.	
		Apr. 2023	General Manager of Automotive Safety Systems Engineering Management Group of the Company (current position)	
		June 2023	Executive Officer of the Company (current position)	
		Apr. 2024	General Manager of Automotive Safety Systems Business Management Group of the Company (current position)	
<p>[Reasons for nomination as a candidate for Director]</p> <p>Mr. Akinori Koyama has been involved in the development and design of automotive safety systems for many years, and has abundant experience and broad knowledge in overall automotive safety systems business through his duties. He has also been involved in corporate management, such as serving as Representative Director and President of our overseas group company, and currently serves as General Manager of Automotive Safety Systems Engineering Management Group and General Manager of Automotive Safety Systems Business Management Group. Based on these achievements, the Company judges that he is the right person to sustainably enhance the Company's value, and therefore proposes his election as new Director.</p>				

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
6	Haruo Shimizu (January 7, 1947)	Feb. 1970 Joined Daikin Manufacturing Co., Ltd. (now Exedy Corporation)	0
		June 2006 President & CEO of Exedy Corporation Apr. 2015 Chairman of Exedy Corporation June 2016 Advisor of Exedy Corporation June 2019 Outside Director of the Company (current position) (Significant concurrent positions outside the Company) Outside Director (Audit & Supervisory Committee Member) of Bando Chemical Industries, Ltd. Outside Director of Suminoe Textile Co., Ltd.	
[Reasons for nomination as a candidate for Outside Director and his expected roles] Mr. Haruo Shimizu has been engaged in the management of Exedy Corporation for many years, having abundant experience and broad knowledge, and has been providing appropriate advice and supervised the Board of Directors from an independent standpoint. In addition, he has been actively involved in strengthening the independence and objectivity of procedures regarding the nomination and remuneration of officers and improving corporate governance as a member of the Advisory Board, which is an advisory body of the Board of Directors and the Representative Director. Based on these achievements, the Company expects him to strengthen the decision-making and supervisory functions of the Board of Directors, and therefore proposes his continued election as Outside Director.			
7	Yasushi Okada (July 26, 1968)	Apr. 1993 Joined Toyoda Gosei Co., Ltd. June 2020 Deputy Director of Product Development Center of Toyoda Gosei Co., Ltd. June 2021 Outside Director of the Company (current position) June 2022 Deputy Chief of SS Business Headquarters of Toyoda Gosei Co., Ltd. (current position) June 2023 Corporate Officer of Toyoda Gosei Co., Ltd. (current position) Jan. 2024 Chief of Europe and Africa Regional Headquarters of Toyoda Gosei Co., Ltd. (current position) (Significant concurrent positions outside the Company) Corporate Officer, Deputy Chief of SS Business Headquarters and Chief of Regional Headquarters in Europe and Africa of Toyoda Gosei Co., Ltd.	0
		[Reasons for nomination as a candidate for Outside Director and his expected roles] Mr. Yasushi Okada has been serving as Corporate Officer, Deputy Chief of SS Business Headquarters and Chief of Regional Headquarters in Europe and Africa of Toyoda Gosei Co., Ltd., and is well versed in the domain of automotive parts, particularly the safety system area. He has been supervising the Board of Directors and giving advice on our automotive safety systems business as Outside Director. He has not been involved in the management of a company except as an outside director. However, based on these achievements, the Company expects him to strengthen the decision-making and supervisory functions of the Board of Directors, and therefore proposes his continued election as Outside Director.	

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned	
8	Takashi Ogawa (August 10, 1957)	Apr. 1982	Joined Toyota Motor Co., Ltd. (now Toyota Motor Corporation)	0
		Apr. 2015	Executive Officer and Group General Manager of AE Engineering Group of Fujitsu Ten Limited (now DENSO TEN Limited)	
		Apr. 2019	Senior Executive Officer and Director of DENSO TEN Limited	
		June 2023	Outside Director of the Company (current position)	
		Oct. 2023	Outside Director of CENTRAL ENGINEERING Co., Ltd. (current position)	
			(Significant concurrent positions outside the Company) Outside Director of CENTRAL ENGINEERING Co., Ltd.	
[Reasons for nomination as a candidate for Outside Director and his expected roles] Mr. Takashi Ogawa is well versed in the domain of automotive parts from his involvement in developing electronic parts for automobiles over many years at other companies, and has been providing advice on our automotive safety systems business and supervised the Board of Directors as Outside Director. In addition, he has been actively involved in strengthening the independence and objectivity of procedures regarding the nomination and remuneration of officers and improving corporate governance as a member of the Advisory Board, which is an advisory body of the Board of Directors and the Representative Director. Based on these achievements, the Company proposes his continued election as Outside Director.				
9	Kazuyoshi Furukawa (August 31, 1956)	Apr. 1980	Joined Konoike Construction Co., Ltd.	0
		Oct. 2013	Operating Officer of Konoike Construction Co., Ltd.	
		Oct. 2018	Director and Senior Executive Officer of Konoike Construction Co., Ltd.	
		Oct. 2020	Director and Vice President of Konoike Construction Co., Ltd.	
		Apr. 2021	Senior Managing Director of Konoike Construction Co., Ltd.	
		Mar. 2023	Standing Advisor of Konoike Construction Co., Ltd.	
[Reasons for nomination as a candidate for Outside Director and his expected roles] Mr. Kazuyoshi Furukawa has been involved in the civil engineering business for many years at Konoike Construction Co., Ltd., and is well versed in the civil engineering and construction industry. He also has abundant experience and broad knowledge, having served as Director and Vice President of Konoike Construction Co., Ltd. and so forth. Based on these achievements, the Company expects him to advise in the area of the Company's pipeline rehabilitation and strengthen the decision-making and supervisory functions of the Board of Directors, and therefore proposes his new election as Outside Director.				

- Notes:
1. New candidates are indicated by an asterisk (*).
 2. There is no special interest between any of the candidates and the Company.
 3. Four people, Mr. Haruo Shimizu, Mr. Yasushi Okada, Mr. Takashi Ogawa and Mr. Kazuyoshi Furukawa, are candidates for Outside Director.
 4. Three people, Mr. Haruo Shimizu, Mr. Yasushi Okada and Mr. Takashi Ogawa, are currently Outside Directors of the Company, and at the conclusion of this meeting, the terms of office as Outside Directors will be as follows:
Mr. Haruo Shimizu: 5 years, Mr. Yasushi Okada: 3 years and Mr. Takashi Ogawa: 1 year
 5. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into agreements with three people, Mr. Haruo Shimizu, Mr. Yasushi Okada and Mr. Takashi Ogawa, to limit their liability for damages under Article 423, paragraph (1) of the same Act. The limit of liability for damages under such agreements is the minimum liability amount prescribed in Article 425, paragraph (1) of the Companies Act. If the re-election of three candidates, Mr. Haruo Shimizu, Mr. Yasushi Okada and Mr. Takashi Ogawa is approved, the Company plans to renew these agreements with each of them. If Mr. Kazuyoshi Furukawa assumes the office of Outside Director, the Company plans to enter into the same agreement with him to limit his liability.
 6. The Company has registered both Mr. Haruo Shimizu and Mr. Takashi Ogawa as independent officers as provided for by the Tokyo Stock Exchange. If the re-election of two candidates, Mr. Haruo Shimizu and Mr. Takashi Ogawa is approved, the Company plans to continue designating them as independent officers. If Mr. Kazuyoshi Furukawa assumes the office

of Outside Director, the Company plans to designate him as an independent officer as provided for by the Tokyo Stock Exchange.

7. Pursuant to the provisions of Article 430-3, paragraph (1) of the Companies Act, the Company has entered officers' and directors' liability insurance with an insurance company and an overview of the content of the insurance policy is listed in the Business Report (please refer to page 18) (in Japanese only). If the election of the candidates for Director is approved, they will be also covered by the insurance policy. In addition, when the policy is renewed, the Company plans to renew it with the same terms.

Proposal No. 3 Election of One Audit & Supervisory Board Member

The term of office of Mr. Hiroyuki Sakuragi will expire at the conclusion of this meeting. Therefore, the Company proposes the election of one new Audit & Supervisory Board Member.

The term of office of the Audit & Supervisory Board Member to be elected will be until the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2028.

Prior consent of the Audit & Supervisory Board has been obtained for the submission of this proposal.

The candidate for Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Career summary and positions in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
Hiroki Kane (July 24, 1964)	Apr. 1988 Joined the Company May 2015 General Manager of Accounting Department of the Company June 2017 General Manager of Internal Audit Office of the Company June 2022 General Manager of Finance Department of the Company June 2023 General Manager of Automotive Safety Systems Business Administration Department of the Company (current position)	3,547
[Reasons for nomination as a candidate for Audit & Supervisory Board Member] Mr. Hiroki Kane has vast experience at the Company including as General Manager of Internal Audit Office, General Manager of Finance Department and General Manager of Automotive Safety Systems Business Administration Department, and also has abundant knowledge of the Company's business. Based on this abundant experience and broad knowledge, the Company judges that he will appropriately fulfill his duties as an Audit & Supervisory Board Member, and therefore proposes his new election as Audit & Supervisory Board Member.		

- Notes:
1. Mr. Hiroki Kane is a new candidate.
 2. There is no special interest between the candidate and the Company.
 3. Pursuant to the provisions of Article 430-3, paragraph (1) of the Companies Act, the Company has entered officers' and directors' liability insurance with an insurance company and an overview of the content of the insurance policy is listed in the Business Report (please refer to page 18) (in Japanese only). If the election of the candidate for Audit & Supervisory Board Member is approved, he will be also covered by the insurance policy. In addition, when the policy is renewed, the Company plans to renew it with the same terms.

[Reference] Officers' skill matrix after the conclusion of the General Meeting of Shareholders

If Proposal No. 2 and No. 3 are approved as they are, the officers' skill matrix will be as follows:

Position	Name	Corporate management	Legal affairs Compliance	Human resources Labor management	Finance Accounting	Manufacturing Technology	Global
Director	Hiomasa Zaitu	○	○	○			
Director	Futoshi Makimoto	○				○	
Director	Kaoru Nagatomi					○	
Director	Kazuyoshi Ito	○				○	
Director	Akinori Koyama					○	○
Director (Outside)	Haruo Shimizu	○					○
Director (Outside)	Yasushi Okada					○	
Director (Outside)	Takashi Ogawa	○				○	
Director (Outside)	Kazuyoshi Furukawa	○				○	
Audit & Supervisory Board Member	Hiroki Kane		○		○		
Audit & Supervisory Board Member (Outside)	Masami Oishi		○				○
Audit & Supervisory Board Member (Outside)	Mitsuhiro Morikawa			○	○		

Note: The table above does not necessarily indicate all knowledge and experience that each person has.

Proposal No. 4 Election of One Substitute Audit & Supervisory Board Member

The effectiveness of the election of a substitute Audit & Supervisory Board Member, Mr. Takeo Morisawa, who was elected at the 123rd Annual General Meeting of Shareholders on June 23, 2023, will expire at the commencement of this meeting. Therefore, the Company proposes the election of one substitute Audit & Supervisory Board Member to be ready to fill a vacant position should the number of Audit & Supervisory Board Members fall below the number required by laws and regulations pursuant to the provisions of Article 329, paragraph (3) of the Companies Act.

In addition, prior consent of the Audit & Supervisory Board has been obtained for the submission of this proposal.

The candidate for substitute Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Career summary and positions in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
Takeo Morisawa (August 27, 1961)	Apr. 1989 Registered as a lawyer Joined Kyowa-sogo Law Office Apr. 1995 Established Takeo Morisawa Law Office (current position) Apr. 2024 Outside Director of Morozoff Limited (current position) (Significant concurrent positions outside the Company) Lawyer of Takeo Morisawa Law Office Outside Director of Morozoff Limited	0
[Reasons for nomination as a candidate for substitute Outside Audit & Supervisory Board Member] Based on his expertise and broad experience as a lawyer, the Company judges that Mr. Takeo Morisawa will appropriately fulfill his duties as an Outside Audit & Supervisory Board Member, and therefore proposes his continued election as a substitute Outside Audit & Supervisory Board Member.		

- Notes:
1. There is no special interest between the candidate and the Company.
 2. Mr. Takeo Morisawa is a candidate for substitute Outside Audit & Supervisory Board Member who satisfies the requirements for an Outside Audit & Supervisory Board Member.
 3. If Mr. Takeo Morisawa assumes the office of Audit & Supervisory Board Member, the Company plans, pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, to enter into an agreement with him to limit his liability for damages under Article 423, paragraph (1) of the same Act. The limit of liability for damages under such agreement is the minimum liability amount prescribed in Article 425, paragraph (1) of the Companies Act.
 4. If Mr. Takeo Morisawa assumes the office of Audit & Supervisory Board Member, the Company plans to designate him as an independent officer as provided for by the Tokyo Stock Exchange.
 5. Pursuant to the provisions of Article 430-3, paragraph (1) of the Companies Act, the Company has entered officers' and directors' liability insurance with an insurance company and an overview of the content of the insurance policy is listed in the Business Report (please refer to page 18) (in Japanese only). If Mr. Takeo Morisawa assumes the office of Audit & Supervisory Board Member, he will be also covered by the insurance policy.

Proposal No. 5 Determination of Remuneration for Granting Restricted Shares to Directors (Excluding Outside Directors)

The monetary remuneration amount for Company Directors was approved at the 107th Annual General Meeting of Shareholders held on June 28, 2007 to be no more than 400 million yen per year, and at the 116th Annual General Meeting of Shareholders held on June 24, 2016, the allotment of share acquisition rights as stock-based remuneration stock options to Directors (excluding Outside Directors) was approved to be up to 18 million yen per year within the conventional remuneration amount for Directors.

To provide incentives to Directors for improving Company corporate value and further promoting value sharing between Directors and shareholders, the Company requests approval to abolish the remuneration limit on stock-based remuneration stock options and introduce a remuneration system (hereinafter referred to as “this System”) for granting restricted shares to Company Directors (excluding Outside Directors, hereinafter referred to as “eligible Directors”). Based on the current monetary remuneration framework for Directors, the total monetary remuneration to be paid to eligible Directors for granting restricted shares shall be no more than 18 million yen per year, which is an amount considered appropriate based on the above objectives, and the total number of common shares of the Company to be issued or disposed of under this System shall be limited to no more than 20,000 shares per year (however, if after the date this proposal is approved, an event occurs that requires a stock split (including the gratis allotment of common shares of the Company) or a reverse stock split of the common shares of the Company, other shares will be issued as restricted shares, or, if an event occurs that requires an adjustment to the total number of common shares of the Company to be disposed of, the total number shall be adjusted within a reasonable range). Additionally, the specific allocation for each eligible Director shall be determined by the Board of Directors.

To ensure that the stock remuneration system is managed and operated in an integrated and efficient way, and promote the further sharing of value with shareholders, the Company also requests approval that when eligible Directors who are reappointed based on Proposal No. 2 (hereinafter referred to as “reappointed eligible Directors”) waive their right to unexercised share acquisition rights as stock-based remuneration stock options, the Company acquire these without contribution in exchange for granting restricted shares that are equivalent to the number of shares associated with the acquisition rights waived by reappointed eligible Directors as remunerations, and that when Directors who retire at this Annual General Meeting of Shareholders waive their right to unexercised share acquisition held as stock-based remuneration stock options, the Company acquire these without contribution in exchange for granting shares that are equivalent to the number of shares associated with the acquisition rights waived by relevant Directors as remunerations (hereinafter collectively referred to as the “transitional measures”).

These transitional measures convert share acquisition rights as stock-based remuneration stock options granted to reappointed eligible Directors etc. in past years into restricted shares, etc., and do not provide new additional remuneration. However, when granting the restricted shares, etc., monetary remuneration claims will be granted to eligible appointed Directors etc. as property contributed in kind. Moreover, any unexercised share acquisition rights held by reappointed eligible Directors, etc. will be waived. Following this waiver, such rights will not be exercised again.

The remuneration limit for these transitional measures is different from the above remuneration limit, and the total amount of monetary remuneration paid to reappointed eligible Directors etc. for granting restricted shares, etc. shall be no higher than 23 million yen per year, and the total number of common shares of the Company to be issued or disposed of under these transitional measures shall be no more than 10,000 shares per year, and will be limited to the 125th fiscal year (April 1, 2024 to March 31, 2025).

Currently, there are nine Directors (including four Outside Directors), and if Proposal No. 2 is approved as drafted, the number of Directors will be nine (including four Outside Directors).

Based on a resolution by the Company Board of Directors, eligible Directors shall pay all claims for monetary remuneration arising from this proposal as property contributed in kind, and shall accept the issuing or disposal of the common stock of the Company, and the amount to be paid per share shall be determined by the Board of Directors according to the closing price of the common stock of the Company on the Tokyo Stock Exchange on the business day preceding the date of the resolution by the Board of Directors (if trading is not completed on the said day, the closing price of the most recent trading day prior to it) to the extent that there is no special advantage to eligible Directors.

Regarding the issuing or disposing of common shares of the Company pursuant to this, the Company and eligible Directors (limited to Company Directors and other eligible Directors in positions determined by the Company Board of Directors as of the date of the resolution by the Company Board of Directors) shall enter into a restricted share allotment agreement (hereinafter referred to as the “Allotment Agreement”), the contents of which are summarized below.

- (1) Eligible Directors must not transfer, use as security, or otherwise dispose of common shares of the Company (hereinafter referred to as “transfer restrictions”) allotted under this Allotment Agreement (hereinafter referred to as the “allotted shares”), from the date that restricted shares are issued until the date on which an eligible Director loses their position as a Company Director or other position determined by the Company Board of Directors (hereinafter referred to as the “transfer restriction period”).
- (2) If an eligible Director loses the positions mentioned in the above (1) prior to the expiration of a period determined separately by the Company Board of Directors (hereinafter referred to as “service provision period”), the Company will naturally acquire the allotted shares without contribution except for cases where there is a justifiable reason approved of by the Board of Directors.
- (3) The Company shall lift transfer restrictions for all allotted shares with the condition that the eligible Director continues to be a Company Director or in another position determined by the Company Board of Directors during the service provision period as of the time that the transfer restriction period expires. However, if an eligible Director loses the positions determined in the above (1) prior to the expiration of the service provision period due to a reason approved as justifiable by the Company Board of Directors according to the provision in the above (2), the number of allotted shares for which the transfer restrictions were lifted and the time for lifting the transfer restrictions shall be adjusted reasonably according to the need.
- (4) The Company shall naturally acquire without contribution the allotted shares for which the transfer restrictions have not been lifted based on the provision in the above (3) at the time the transfer restriction period expires.
- (5) If, during the transfer restriction period, a merger agreement where the Company is the absorbed company, a stock exchange agreement where the Company becomes a wholly owned subsidiary, a stock transfer plan, or some other matter related to organizational reorganization, etc. is approved at an Annual General Meeting of Shareholders of the Company (however, in cases where the reorganization, etc. does not require approval at an Annual General Meeting of Shareholders, the Company Board of Directors) based on a resolution of the Company Board of Directors, the transfer restrictions shall be lifted for a number of allotted shares determined to be reasonable prior to the effective date of the said organizational restructuring, etc.
- (6) In the case mentioned in the above (5), the Company shall naturally acquire without contribution the allotted shares for which the transfer restrictions have been lifted at the moment just after the transfer restrictions are lifted based on the provision in the above (5).
- (7) The Allotment Agreement shall contain a manifestation of intent, the notification method for the Allotment Agreement, the amendment method for the Allotment Agreement, and other matters to be determined by the Board of Directors.

Moreover, the Company adopted the policy for deciding the contents of remuneration, etc. for Directors by resolution of the Board of Directors meeting held on January 28, 2021, but this policy was revised by resolution of the Board of Directors meeting held on May 10, 2024. The summary of the contents is provided in the Business Report (please refer to page 16) (in Japanese only). As stated above, the amount paid for allotted shares shall be to the extent that there is no special advantage, and given the minimal dilution, the Company has determined that the granting of the allotted shares is appropriate.

(Reference)

The Company also plans to implement a similar system to the above for Executive Officers of the Company with the condition that this proposal is approved.