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Securities code: 7769

June 6, 2024

(Start date of measures for electronic provision: May 30, 2024)

To Shareholders with Voting Rights:

Takeo Yumoto
President and Representative
Director
RHYTHM CO., LTD.
299-12, Kitabukurocho 1-chome,
Omiya-ku, Saitama-shi, Saitama,
Japan

**NOTICE OF
THE 4th 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 4th Annual General Meeting of Shareholders of RHYTHM CO., LTD. (the “Company”) will be held as described below. You are cordially invited to attend the meeting.

For the convocation of this General Meeting of Shareholders, the Company has taken measures for electronic provision. The information contained in the Reference Documents for the General Meeting of Shareholders (matters for electronic provision) is posted on the websites indicated in “4. Websites where Matters for Electronic Provision are Posted” (Japanese only). Please access and verify this information.

If you are unable to attend the meeting in person, you may exercise your voting rights via the Internet, etc., or in writing. We respectfully request that you exercise your voting rights by either of these methods. The details of each agenda item can be found in the Reference Documents for the General Meeting of Shareholders posted on the websites mentioned in “4. Websites where Matters for Electronic Provision are Posted” (Japanese only). Please review these documents and, following the instructions below, exercise your voting rights by 5:45 PM on Thursday, June 20, 2024, Japan time.

- 1. Date and Time:** Friday, June 21, 2024 at 10:00 a.m. Japan time
(Reception will open at 9:00 a.m. Japan Time.)
- 2. Place:** Emerald 2F, Hotel Brillante Musashino,
2-2 Shintoshin, Chuo-ku, Saitama-shi, Saitama
(The venue has changed from the previous year. Please check the back of this notice.)
- 3. Meeting Agenda:**
 - Matters to be reported:**
 1. The Business Report and Consolidated Financial Statements for the Company’s 4th Fiscal Year (April 1, 2023 - March 31, 2024) and results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 4th Fiscal Year (April 1, 2023 - March 31, 2024)
 - Proposals to be resolved:** [Company proposals] (Proposals 1 to 3)
 - Proposal 1:** Appropriation of Surplus
 - Proposal 2:** Election of Six (6) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

- Proposal 3:** Election of Five (5) Directors Who Are Audit and Supervisory Committee Members
[Shareholder proposal]
- Proposal 4:** Appropriation of Surplus

Reference Documents for the General Meeting of Shareholders

Proposal 1: Appropriation of Surplus

The Company proposes to pay year-end dividends for the fiscal year as described below, in consideration of performance for the fiscal year, future business development and other factors in accordance with the Company's basic dividend policy.

- (1) Type of dividend assets
Cash
- (2) Allocation of dividend assets to the shareholders and total amount of dividends
Amount per share of common stock: ¥48.50
Total amount of dividends: ¥400,376,230
- (3) Effective date of dividends of surplus
June 21, 2024
- (4) Date of commencement of payment of dividends
July 12, 2024

Proposal 2: Election of Six (6) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of all four (4) Directors (excluding Directors who are Audit and Supervisory Committee Members) will expire at the conclusion of this Annual General Meeting of Shareholders. Therefore, to strengthen the control of and cooperation among individual divisions, the Company proposes to increase the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) by two (2) and hereby requests the election of six (6) Directors (excluding Directors who are Audit and Supervisory Committee Members).

The candidates for Directors (excluding Directors who are Audit and Supervisory Committee Members) are as follows.

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	Hiromi Hirata (May 12, 1955) Male [Reappointment]	<p>March 1978 Joined KYOSHIN KOGYO CO., LTD. (later renamed RHYTHM KYOSHIN CO., LTD.; current RHYTHM CO., LTD.)</p> <p>June 2006 Managing Director, KYOSHIN KOGYO CO., LTD.</p> <p>June 2009 Vice President and Representative Director, KYOSHIN KOGYO CO., LTD.</p> <p>June 2010 President and Representative Director, KYOSHIN KOGYO CO., LTD.</p> <p>August 2011 President, Representative Director, and Chief Executive Officer, KYOSHIN KOGYO CO., LTD.</p> <p>June 2013 President and Representative Director, RHYTHM KYOSHIN CO., LTD.</p> <p>June 2013 Director in charge of the Connected Terminal Division, the Company</p> <p>June 2016 Director and Managing Executive Officer in charge of the Connected Terminal Division, the Company</p> <p>April 2019 President and Representative Director, the Company</p> <p>April 2023 Chairman and Director, the Company (to the present)</p>	60,307
<p>[Reason for nomination as candidate for Director and expected roles]</p> <p>Since the integration of KYOSHIN KOGYO CO., LTD. into the Group in 2011, Mr. Hiromi Hirata has dedicated himself to the business management and integration of the Group. In addition, he possesses abundant experience and expertise in corporate management, having led the growth of the current RHYTHM CO., LTD. after serving as Representative Director of RHYTHM KYOSHIN CO., LTD., Executive Officer in charge of the Company's Connected Terminal Division, and then as President and Representative Director from April 2019 to March 2023.</p> <p>The Company has judged that he remains an appropriate person to further enhance the Group's corporate value and strengthen the supervisory function of the Board of Directors, and hereby requests his reelection as a Director.</p> <p>[Attendance at the Board of Directors meetings] 17 out of 17 meetings (100.0%)</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
2	<p>Takeo Yumoto (February 6, 1955) Male [Reappointment]</p>	<p>April 1973 Joined the Company June 2004 Director, the Company April 2009 President and Representative Director, RHYTHM INDUSTRIAL (H.K.) LTD. January 2011 President and Representative Director, RHYTHM INDUSTRIAL (DONG GUAN) LTD. June 2012 President and Representative Director, Tohoku Rhythm CO., LTD. (current RHYTHM CO., LTD.) June 2013 Director in charge of the Precision Division, the Company June 2019 Director and Managing Executive Officer in charge of the Precision Division, the Company October 2020 Director and Senior Executive Officer, and General Manager of Production Headquarters, the Company April 2022 Executive Vice President and Director, and General Manager of Production Headquarters, the Company April 2023 President and Representative Director, the Company (to the present)</p>	14,700
<p>[Reason for nomination as candidate for Director and expected roles] Mr. Takeo Yumoto possesses abundant experience and expertise in corporate management. After engaging in management as the Representative Director of Tohoku Rhythm CO., LTD., he served as the Director in charge of the Precision Division from 2013 and led the Company's manufacturing overall as the Director in charge of Production Headquarters management from 2020. Following a stint as an Executive Vice President and Director, he currently demonstrates his leadership and acumen in the overall management of the Group as President and Representative Director. The Company has judged that he remains an appropriate person to further enhance the Group's corporate value and strengthen the supervisory function of the Board of Directors, and hereby requests his reelection as a Director. [Attendance at the Board of Directors meetings] 17 out of 17 meetings (100.0%)</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	<p>Katsuhiko Yamazaki (November 6, 1966) Male [Reappointment]</p>	<p>March 1987 Joined KYOSHIN KOGYO CO., LTD. (later renamed RHYTHM KYOSHIN CO., LTD.; current RHYTHM CO., LTD.) June 2011 Director, KYOSHIN KOGYO CO., LTD. June 2013 Managing Director, RHYTHM KYOSHIN CO., LTD. (current RHYTHM CO., LTD.) May 2017 Senior Managing Director, RHYTHM KYOSHIN CO., LTD. April 2019 Executive Officer in charge of the Connected Terminal Division, the Company May 2019 President and Representative Director, RHYTHM KYOSHIN CO., LTD. July 2020 Director and Executive Officer in charge of the Connected Terminal Division, the Company October 2020 Director and Managing Executive Officer, and General Manager of Corporate Administration Headquarters, the Company April 2024 Director and Managing Executive Officer in charge of Corporate Administration Headquarters and Compliance/Risk Management Office, the Company (to the present)</p>	13,392
<p>[Reason for nomination as candidate for Director and expected roles] Mr. Katsuhiko Yamazaki possesses abundant experience and expertise in corporate management. After serving as an Executive Officer in charge of the Connected Terminal Division and as the Representative Director of a Group company in Japan, he currently uses his administrative capabilities in the overall management of the Corporate Administration Headquarters as a Director and Managing Executive Officer. In 2024, he assumed charge of the Compliance/Risk Management Office of the Company. The Company has judged that he remains an appropriate person to further enhance the Group's corporate value and strengthen the supervisory function of the Board of Directors, and hereby requests his reelection as a Director. [Attendance at the Board of Directors meetings] 17 out of 17 meetings (100.0%)</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
4	Yoshikazu Kitajima (May 29, 1962) Male [New appointment]	<p>September 1984 Joined KYOSHIN KOGYO CO., LTD. (later renamed RHYTHM KYOSHIN CO., LTD.; current RHYTHM CO., LTD.)</p> <p>April 2011 General Manager of Technology Department, KYOSHIN KOGYO CO., LTD.</p> <p>May 2015 Director, KYOSHIN VIETNAM CO., LTD.</p> <p>May 2017 Director, RHYTHM KYOSHIN CO., LTD.</p> <p>October 2020 Executive Officer and Deputy General Manager of Production Headquarters, the Company</p> <p>April 2024 Executive Officer and General Manager of Production Headquarters, the Company (to the present)</p>	3,600
<p>[Reason for nomination as candidate for Director and expected roles]</p> <p>Mr. Yoshikazu Kitajima possesses abundant experience and knowledge in corporate management. He has long been engaged in the technology and production areas in the precision parts business (formerly the Connected Terminal Division), as well as in corporate management as a Director of Group companies both in Japan and overseas. Having served as an Executive Officer of the Company since 2020, he is currently responsible for the overall management of production as an Executive Officer and General Manager of the Production Headquarters.</p> <p>The Company has judged that he is an appropriate person to further enhance the Group's corporate value and strengthen the supervisory function of the Board of Directors, and hereby requests the new election of him as a Director.</p> <p>[Attendance at the Board of Directors meetings] — out of — meetings (—%)</p>			
5	Tatsuya Aizawa (May 31, 1966) Male [New appointment]	<p>April 1990 Joined The Kyowa Bank, Ltd. (current Resona Bank, Limited)</p> <p>July 2017 Chief Executive Officer, Resona Merchant Bank Asia Ltd.</p> <p>July 2019 Joined the Company</p> <p>April 2020 General Manager of Group Management Department, the Company</p> <p>October 2020 Executive Officer, Deputy General Manager of Corporate Administration Headquarters, and General Manager of Corporate Planning Department, the Company</p> <p>April 2024 Executive Officer, General Manager of Corporate Administration Headquarters, and General Manager of Corporate Planning Department, the Company (to the present)</p>	3,100
<p>[Reason for nomination as candidate for Director and expected roles]</p> <p>Mr. Tatsuya Aizawa possesses abundant experience and expertise in corporate management. In addition to experience gained at financial institutions both in Japan and overseas, he has served as a CEO of an overseas subsidiary. After joining the Company, he served as a General Manager of the Group Management Department and is currently engaged in the overall management of the Group as an Executive Officer, General Manager of Corporate Administration Headquarters, and General Manager of the Corporate Planning Department.</p> <p>The Company has judged that he is an appropriate person to further enhance the Group's corporate value and strengthen the supervisory function of the Board of Directors, and hereby requests the new election of him as a Director.</p> <p>[Attendance at the Board of Directors meetings] — out of — meetings (—%)</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
	Norihisa Yamamoto (August 14, 1969) Male [New appointment]	<p>June 1989 Joined KYOSHIN KOGYO CO., LTD. (later renamed RHYTHM KYOSHIN CO., LTD.; current RHYTHM CO., LTD.)</p> <p>April 2013 General Manager of Sales Department, KYOSHIN KOGYO CO., LTD</p> <p>May 2017 Director, KYOSHIN KOGYO CO., LTD.</p> <p>October 2020 Executive Officer, Deputy General Manager of Sales Headquarters, the Company</p> <p>April 2023 Executive Officer, General Manager of Sales Headquarters, the Company (to the present)</p>	4,600
6	<p>[Reason for nomination as candidate for Director and expected roles]</p> <p>Mr. Norihisa Yamamoto possesses abundant experience and knowledge in corporate management. He has been continuously engaged in sales in the precision parts business (formerly the Connected Terminal Division), as well as in corporate management as a Director of Group companies both in Japan and overseas. Having served as an Executive Officer of the Company since 2020, he is currently responsible for the overall management of sales as an Executive Officer and General Manager of Sales Headquarters.</p> <p>The Company has judged that he is an appropriate person to further enhance the Group's corporate value and strengthen the supervisory function of the Board of Directors, and hereby requests the new election of him as a Director.</p> <p>[Attendance at the Board of Directors meetings] — out of — meetings (—%)</p>		

- Notes:
1. There is no special interest between the candidates and the Company.
 2. The Company has entered into indemnity agreements with Mr. Hiromi Hirata, Mr. Takeo Yumoto, and Mr. Katsuhiko Yamazaki in accordance with Article 430-2, Paragraph 1 of the Companies Act, under which the Company shall indemnify them against the expenses stipulated in Item 1 and the losses stipulated in Item 2 of the same paragraph to the extent specified by laws and regulations. However, there are certain exclusions, such as in cases where a candidate seeks to gain an unfair advantage for himself or a third party, is found to have performed his duties with the intention of causing damage to the Company, fails or delays in providing information or reporting to the Board of Directors, or is sued for damages due to malice or gross negligence in the performance of his duties. If this proposal is approved and passed and each candidate is re-elected, the Company intends to continue these indemnity agreements with each of them. In addition, if Mr. Yoshikazu Kitajima, Mr. Tatsuya Aizawa, and Mr. Norihisa Yamamoto, who are candidates for Director, are elected as proposed, the Company plans to conclude the same indemnity agreement with each of them.
 3. The Company has concluded a directors and officers liability insurance contract with an insurance company. The contract covers the directors, corporate auditors, and executive officers of the Company and its group companies both in Japan and overseas, and if each candidate is elected, he/she will become an insured person under the contract. In the event that a claim for damages is brought by a shareholder, third party, or other party, the insurance contract shall compensate for damages including compensation for damages and legal expenses to be borne by the insured. The full cost of this insurance contract is borne by the Company. However, it does not apply to claims for damages arising from crimes or violations of laws, and other exemptions stipulated in the contract. Also, the Company plans to renew this insurance contract in August 2024.

Proposal 3: Election of Five (5) Directors Who Are Audit and Supervisory Committee Members

The terms of office of all five (5) Directors who are Audit and Supervisory Committee Members will expire at the conclusion of this Annual General Meeting of Shareholders. Therefore, the Company hereby requests the election of five (5) Directors who are Audit and Supervisory Committee Members.

The content of this proposal has the approval of the Audit and Supervisory Committee.

The candidates for Directors who are Audit and Supervisory Committee Members are as follows.

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	<p>Kiyotaka Sakai (April 16, 1956) Male [Reappointment]</p>	<p>July 1983 Joined the Company April 2009 General Manager of Clock Planning Department, Clock Planning Headquarters, Clock Division, the Company June 2012 President and Representative Director, RHYTHM INDUSTRIAL (H.K.) LTD. President and Representative Director, RHYTHM INDUSTRIAL (DONG GUAN) LTD. June 2016 Executive Officer and General Manager of Clock Division, the Company April 2018 Executive Officer, General Manager of Compliance Department, and General Manager of Internal Audit Department, the Company April 2020 Executive Officer, the Company July 2020 Director who is an Audit and Supervisory Committee Member, the Company (to the present)</p>	6,700
<p>[Reason for nomination as candidate for Director who is Audit and Supervisory Committee Member and expected roles] Mr. Kiyotaka Sakai possesses high-level expertise and sufficient knowledge to ensure the soundness of management with regard to the Company and other Group companies. In addition to an abundance of business execution experience obtained in Japan and internationally, until March 2020, he was in charge of the Internal Audit Department and the Compliance Department as an Executive Officer. It is expected that he will use this abundant and wide-ranging expertise and knowledge to be of assistance in improving the Company's audit and supervisory functions as before, and that this expertise will also be utilized for the appropriate decision-making of the Board of Directors of the Company. The Company hereby requests the reelection of him as a Director who is an Audit and Supervisory Committee Member. [Attendance at the Board of Directors meetings] 17 out of 17 meetings (100.0%) [Attendance at the Audit and Supervisory Committee meetings] 12 out of 12 meetings (100.0%)</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
2	Kinya Suzuki (November 7, 1953) Male [Reappointment] [Outside] [Independent]	<p>October 1979 Joined Nishikata Audit Corp. (current Deloitte Touche Tohmatsu LLC)</p> <p>May 2000 Representative Partner, Tohmatsu & Co.</p> <p>July 2014 Retired from Deloitte Touche Tohmatsu LLC</p> <p>August 2014 Established Kinya Suzuki Accounting Office (to the present)</p> <p>June 2015 Outside Auditor, Soshin Electric Co., Ltd.</p> <p>June 2016 Corporate Auditor, the Company</p> <p>June 2018 Director who is an Audit and Supervisory Committee Member, the Company (to the present)</p> <p>June 2021 Director Audit & Supervisory Committee Member, Soshin Electric Co., Ltd.</p>	4,100
	<p>[Reason for nomination as candidate for Director who is Audit and Supervisory Committee Member and expected roles]</p> <p>Having worked for a major auditing firm for many years, Mr. Kinya Suzuki possesses an abundance of knowledge and experience concerning financial affairs and accounting as a Certified Public Accountant, and he has duly executed his duties as an Outside Audit and Supervisory Member of the Company.</p> <p>It is expected that he will continue to utilize his wide-ranging experience and knowledge in improving the Company's audit and supervisory functions and for the appropriate decision-making of the Board of Directors of the Company. The Company hereby requests the reelection of him as an Outside Director who is an Audit and Supervisory Committee Member.</p> <p>[Attendance at the Board of Directors meetings as an Outside Audit and Supervisory Committee Member] 17 out of 17 meetings (100.0%)</p> <p>[Attendance at the Audit and Supervisory Committee meetings] 12 out of 12 meetings (100.0%)</p>		
3	Hitomi Uchida (May 9, 1962) Female [Reappointment] [Outside] [Independent]	<p>April 1983 Joined Computer Services Corporation (current SCSK Corporation)</p> <p>May 2003 Joined Recruit Co., Ltd.</p> <p>September 2004 Joined Pasona career assets Inc. (current Pasona Inc.)</p> <p>February 2015 Established HUGRES Inc.; Representative Director, HUGRES Co., Ltd (to the present)</p> <p>August 2021 Director, SAIKISS Inc. (to the present)</p> <p>June 2022 Director who is an Audit and Supervisory Committee Member, the Company (to the present)</p>	300
	<p>[Reason for nomination as candidate for Director who is Audit and Supervisory Committee Member and expected roles]</p> <p>Ms. Hitomi Uchida possesses high-level expertise and sufficient knowledge to ensure the diversities of the corporate management of the Company and Group companies and the Group's human resources. After having served in consulting for supporting second careers and changing careers, she started up a new business in 2015 with the objectives of supporting women's advancement in the workplace and human resources development.</p> <p>It is expected that she will continue to utilize her wide-ranging experience and knowledge in improving the Company's audit and supervisory functions and for the appropriate decision-making of the Board of Directors of the Company. The Company hereby requests the reelection of her as an Outside Director who is an Audit and Supervisory Committee Member.</p> <p>[Attendance at the Board of Directors meetings as an Outside Audit and Supervisory Committee Member] 17 out of 17 meetings (100.0%)</p> <p>[Attendance at the Audit and Supervisory Committee meetings] 12 out of 12 meetings (100.0%)</p>		

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
	Hideyasu Yoshida (August 20, 1959) Male [New appointment] [Outside] [Independent]	April 1987 Appointed as a prosecutor. April 1994 Registered as an attorney-at-law May 1997 Joined Abe, Yoshida and Sanpei Legal and Accounting Firm (to the present) January 2004 Practicing-attorney-professor, The Legal Training and Research Institute of Japan April 2011 Professor, Graduate School of Law, Toyo University April 2017 Professor, Graduate School of Law, Waseda University	0
4	<p>[Reason for nomination as candidate for Director who is Audit and Supervisory Committee Member and expected roles]</p> <p>Mr. Hideyasu Yoshida possesses high-level expertise and sufficient knowledge in legal affairs and promotion of compliance at the Company and Group companies. He served as a prosecutor and has been practicing as an attorney-at-law for many years and has also contributed to the guidance of the younger generation in the legal profession.</p> <p>It is expected that he will utilize his abundant experience and legal expertise in the appropriate decision-making of the Board of Directors of the Company, including the improvement of audit and supervisory functions. The Company hereby requests the new election of him as an Outside Director who is an Audit and Supervisory Committee Member.</p> <p>[Attendance at the Board of Directors meetings as an Outside Audit and Supervisory Committee Member] — out of — meetings (— %)</p> <p>[Attendance at the Board of Directors meetings] — out of — meetings (— %)</p>		

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
5	Takashi Miyajima (December 9, 1960) Male [New appointment] [Outside] [Independent]	<p>April 1984 Joined Saitama Bank, Ltd. (current Saitama Resona Bank, Limited)</p> <p>June 2010 Executive Officer in charge of Tama Area, Resona Bank, Limited</p> <p>April 2015 Executive Officer in charge of Credit Division and Credit Management Division, Saitama Resona Bank, Limited</p> <p>April 2016 Managing Executive Officer in charge of Credit Division, Saitama Resona Bank, Limited</p> <p>April 2017 President and Representative Director, Resona Capital Co., Ltd.</p> <p>July 2019 Outside Auditor, ITO EN, LTD.</p> <p>June 2020 Outside Director who is an Audit and Supervisory Committee Member, TOTOKU ELECTRIC CO., LTD. (current TOTOKU INC.)</p> <p>June 2021 Outside Auditor, MONTEROZA Co., Ltd. (to the present)</p> <p>July 2023 Outside Auditor, Alpha Club Musashino Co., Ltd. (to the present)</p>	0
<p>[Reason for nomination as candidate for Director who is Audit and Supervisory Committee Member and expected roles]</p> <p>Mr. Takashi Miyajima possesses high-level expertise based on his experience in corporate management and sufficient knowledge to ensure corporate soundness. He has been involved in a wide range of corporate management as an executive officer at financial institutions and served as the President and Representative Director of Resona Capital Co., Ltd.</p> <p>It is expected that he will utilize his abundant experience in improving the Company's audit and supervisory functions and appropriate decision-making of the Board of Directors of the Company. The Company hereby requests the new election of him as an Outside Director who is an Audit and Supervisory Committee Member.</p> <p>[Attendance at the Board of Directors meetings as an Outside Audit and Supervisory Committee Member] — out of — meetings (—%)</p> <p>[Attendance at the Board of Directors meetings] — out of — meetings (—%)</p>			

- Notes: 1. There is no special interest between the candidates and the Company.
2. Matters relating to the candidates for Outside Director are as follows.
- i. Of the candidates, Mr. Kinya Suzuki, Ms. Hitomi Uchida, Mr. Hideyasu Yoshida, and Mr. Takashi Miyajima are candidates for Outside Directors.
 - ii. The term in office as Outside Director for Mr. Kinya Suzuki will be eight years at the conclusion of this Annual General Meeting of Shareholders (of which, two years as Outside Corporate Auditor). With the resolution of the 92nd Annual General Meeting of Shareholders held on June 20, 2018, the Company transitioned to a company with an audit and supervisory committee.
The term in office as Outside Director for Ms. Hitomi Uchida will be two years at the conclusion of this Annual General Meeting of Shareholders.
 - iii. In order for the Outside Directors to fulfill the role expected of them, the Articles of Incorporation specify that the Company may conclude an agreement limiting the liability of such Directors for damages as stipulated in Article 427, Paragraph 1 of the Companies Act. Based on this agreement, the limit for the amount of liability is the minimum amount stipulated by law.
Currently, the Company has concluded such agreements with Mr. Kinya Suzuki and Ms. Hitomi Uchida and, in the event their reelections are approved and passed in the resolutions of this Annual General Meeting of Shareholders, the Company plans to continue these agreements with them. In the event that the elections of Mr. Hideyasu Yoshida and Mr. Takashi Miyajima are approved, the Company plans to conclude an agreement limiting liability with them in the same manner.

- iv. The Company has entered into indemnity agreements with Mr. Kiyotaka Sakai, Mr. Kinya Suzuki, and Ms. Hitomi Uchida, in accordance with Article 430-2, Paragraph 1 of the Companies Act, under which the Company shall indemnify them against the expenses stipulated in Item 1 and the losses stipulated in Item 2 of the same paragraph to the extent specified by laws and regulations. However, there are certain exclusions, such as in cases where a candidate seeks to gain an unfair advantage for himself or a third party, is found to have performed his duties with the intention of causing damage to the Company, fails or delays in providing information or reporting to the Board of Directors, or is sued for damages due to malice or gross negligence in the performance of his duties. If this proposal is approved and passed and each candidate is re-elected, the Company intends to continue these indemnity agreements with each of them. In addition, if Mr. Hideyasu Yoshida and Mr. Takashi Miyajima, who are candidates for Director, are elected as proposed, the Company plans to conclude the same indemnity agreement with each of them.
- v. The Company has concluded a directors and officers liability insurance contract with an insurance company. The contract covers the directors, corporate auditors, and executive officers of the Company and its group companies both in Japan and overseas, and if each candidate is elected, he/she will become an insured person under the contract. In the event that a claim for damages is brought by a shareholder, third party, or other party, the insurance contract shall compensate for damages including compensation for damages and legal expenses to be borne by the insured. The full cost of this insurance contract is borne by the Company. However, it does not apply to claims for damages arising from crimes or violations of laws, and other exemptions stipulated in the contract. Also, the Company plans to renew this insurance contract in August 2024.
- vi. The Company has designated the candidates for Outside Directors as independent officers in accordance with the rules of the Tokyo Stock Exchange, and reported to the Exchange accordingly.

Reference Composition of Directors After Proposals 2 and 3 Are Approved
(Management Structure on and after June 21, 2024)

Directors' Skills Matrix

Post in the Company Name (gender/age)	Experience Area Which the Company Expects from Directors							
	Corporate Management	Business Strategy / Marketing	Manufacturing / Technology	Finance / Administration	Legal Affairs / Compliance	Global Business	IT / DX	Intertype Experience
Chairman and Director Hiromi Hirata (Male/69)	●	●	●		●			
President and Representative Director Takeo Yumoto (Male/69)	●	●	●			●		
Director and Managing Executive Officer Katsuhiko Yamazaki (Male/57)	●			●	●		●	
Director, Executive Officer Yoshikazu Kitajima (Male/62)			●			●		
Director, Executive Officer Tatsuya Aizawa (Male/58)	●			●	●	●	●	●
Director, Executive Officer Norihisa Yamamoto (Male/54)		●				●		
Director (Audit and Supervisory Committee Member / Full-time) Kiyotaka Sakai (Male/68)	●	●			●	●		
Director (Audit and Supervisory Committee Member / Independent) Kinya Suzuki (Male/70)	●			●				●
Director (Audit and Supervisory Committee Member / Independent) Hitomi Uchida (Female/62)	●			●				●
Director (Audit and Supervisory Committee Member / Independent) Hideyasu Yoshida (Male/64)					●			●
Director (Audit and Supervisory Committee Member / Independent) Takashi Miyajima (Male/63)	●			●				●

* The above ages of Directors are current as of June 21, 2024.

Shareholder Proposal

Proposal 4 is a joint proposal made by certain shareholders (hereinafter “the proposing shareholders”). The particulars of and reasons for the proposal are presented in the original wording of the Shareholder Proposal document submitted.

Proposal 4: Appropriation of Surplus

1. Appropriation of Surplus

(1) Outline of Proposal

To appropriate surplus as described below. If the Board of Directors of the Company presents a proposal regarding the appropriation of surplus (hereinafter “the Company’s appropriation of profits proposal” at the Company’s Annual General Meeting of Shareholders scheduled for June 2024 (hereinafter “this Annual General Meeting of Shareholders), this proposal shall be independent of and additional to the Company’s appropriation of profits proposal.

(a) Type of dividend assets

Cash

(b) Dividend amount per share

Distribute a dividend amount per share of common stock obtained by subtracting from 179 yen the dividend amount per share of common stock of the Company based on the Company’s appropriation of profits proposal presented to this General Meeting of Shareholders by the Board of Directors of the Company (hereinafter, the “Company-proposed dividend amount”) (130.5 yen if the Company-proposed dividend amount is 48.5 yen), in addition to the Company-proposed dividend amount. If the amount (hereinafter referred to as “the amount equivalent to DOE of 5%”) obtained by multiplying the amount of net assets per share on March 31, 2024 (excluding treasury shares; rounded down to the nearest yen; the same shall apply hereinafter) by 0.05 differs from 179 yen, the 179 yen at the beginning of this paragraph shall be read as “the amount equivalent to DOE of 5%.”

(c) Allocation of dividend assets to the shareholders and total amount of dividends

Dividend amount per share described above per share of common stock

The total amount of dividends shall be the amount calculated by multiplying the dividend amount per share by the total number of issued shares of common stock of the Company (excluding treasury shares) as of March 31, 2024.

(d) Effective date of dividends of surplus

Date of this Annual General Meeting of Shareholders

(e) Date of commencement of payment of dividends

July 12, 2024

(2) Reason for proposal

This proposal seeks a dividend equivalent to 5% of net assets per share (DOE of 5%). If it is realized, the dividend yield at a stock price with a PBR of 1 (3,575 yen) will be 5%.

A PBR of 1 is the level that the Tokyo Stock Exchange considers as an indicator that a company is not achieving capital profitability that exceeds the cost of capital or that it suggests that investors are not seeing enough growth potential in the company.

Amid calls for “management that is conscious of cost of capital and stock price,” it will take time for the Company to realize earnings commensurate with its invested funds, due to the continued stagnation of its performance. On the other hand, in light of the Company’s high equity ratio of approximately 70%, cash and deposits and available-for-sale assets such as cross-shareholdings and real estate worth over 15.0 billion at market value, and the potential to earn profits exceeding the 1.5 billion yen in total dividends at a DOE of 5% (for example, the net profit target for FY2024 in the Medium-term Management Plan is 1.6 billion yen), we believe that a DOE of 5% is achievable and appropriate as a standard for long-term stable dividends.

Link to detailed analysis: di-i.co.jp

Opinion of the Board of Directors of the Company

[AGAINST] The Board of Directors is against this proposal.

In its medium-term management plan (FY2022-2024) announced on March 23, 2022 (hereinafter, the “Medium-term Plan”), the Company set forth its basic policies of “expansion of growth areas through a unified manufacturing/sales/technology strategy” and “strategic investments with an emphasis on business growth and the improvement of shareholder returns” and has been pursuing initiatives aimed at the improvement of performance and the enhancement of corporate value. Further, in its “Responses for the Realization of Management that is Conscious of Cost of Capital and Stock Price” announced in March this year, the Company listed various responses and is putting those responses into action. They include the promotion of ROIC-focused management, proactive investment in growth areas, including capital investment, R&D investment, human capital investment, and M&As, initiatives for improving shareholder returns and capital policies, the strengthening of investor relations activities, and the improvement of corporate governance.

Under these circumstances, the Company recognizes shareholder returns as an issue of the highest priority and, with a payout ratio of 30% or more as its basic dividend policy, intends to distribute further dividends in accordance with the status of performance, cash-in-hand, and investment. In addition, it has established a minimum of at least 30 yen per share and intends to continue to pay stable dividends.

Based on this policy, the Company increased the dividend per share in the fiscal year ended March 31, 2022 and the fiscal year ended March 31, 2023. For the fiscal year ended March 31, 2024, despite a fall in profits, the Company intends not to reduce the dividend but to maintain it at 48.50 yen per share (payout ratio of 83.8%). In addition, the Company plans to increase the dividend further to 73 yen (payout ratio of 50.2%) in the fiscal year ending March 31, 2025, against the background of growth in performance.

On the other hand, the Company believes that it is business growth that will enhance corporate value and contribute to the enhancement and continuation of shareholder returns, and that such business growth is essential for the improvement of ROE and PBR.

Performance in the fiscal year ended March 31, 2024 ultimately suffered a downward swing from the plan, impacted by external factors such as a fall in customer operating rates due to the semiconductor shortage and major fluctuations in exchange rates, as well as the non-recurring costs for structural reforms, including the reorganization and bolstering of unprofitable businesses. For the fiscal year ending March 31, 2025, the end of inventory adjustments by customers and a full-year contribution from Rhythm Shoei are expected in the precision parts business, and through the expansion of comfort products that it has been pursuing in the livingware business, and the improvement of profits through structural reforms, the Company expects performance to be significantly higher than the previous year.

Regarding investment that is imperative and urgent for this business growth, the Company is progressively injecting generated operating cashflow, cash in hand, and funds from the divestment of assets. To repeat, the Company has secured dividends at a level higher than the Medium-term Plan.

In these ways, the Company is actively making investments for business growth and simultaneously striving to improve shareholder returns, considering the best balance between the two as it pursues its responses.

On the other hand, this shareholder proposal seeks a dividend equivalent to a DOE of 5% (188 yen per share against net assets of 3,772.88 yen per share as of March 31, 2024). This represents a payout ratio of 324.9%, which is significantly higher than the net profit of 57.86 yen per share for the fiscal year ended March 31, 2024, and the total amount of dividends, 1,552 million yen, also exceeds the Company's retained earnings. This is clearly an excessive level that would entail the payment of dividends from other capital surplus.

This kind of shareholder proposal would markedly hinder investments in equipment, R&D, human capital, and other investments needed for future growth and would harm the Company's medium- to long-term corporate value. The Company has concluded that this is an excessive dividend proposal that would result in hindering the securing and improvement of shareholders' common interests.

With the intention of rewarding its shareholders for their support, the Company will continue in its efforts toward management that is conscious of cost of capital and stock price and aim for the recovery and expansion of performance, and the implementation of stable and sustainable shareholder returns.

Accordingly, the Board of Directors of the Company is against this shareholder proposal.