

Dear Shareholders,

250 Asahi, Kochino-cho, Konan-shi, Aichi, Japan

サン電子株式会社

President and Representative Director Ryusuke Utsumi

Notice of Convocation of the 54th Ordinary General Meeting of Shareholders

We express our deep appreciation to each of the shareholders for their continued support.

Please be notified that the 54th Ordinary General Meeting of Shareholders of SUNCORPORATION (“the Company”) will be held as outlined below.

The Company has adopted an electronic method of providing the Notice of Convocation of the 54th Ordinary General Meeting of Shareholders, which is posted on the following website.

Our website https://www.sun-denshi.co.jp/ir_info/notes/

In addition to the above, the information is also posted on the following website on the Internet.

TSE website <https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>

Please access the Tokyo Stock Exchange website above, enter or search for our name or securities code (6736) and select 'Basic Information' and 'Documents for Public Inspection/PR Information' in this order.

If you are unable to attend the meeting, you may exercise your voting rights in writing, so please review the Reference Documents for the General Meeting of Shareholders posted in the Electronic Proxy Materials, indicate your approval or disapproval on the enclosed Exercise of Voting Rights Form, and send it so that it arrives by 6:00 p.m. on Monday, June 23, 2025.

Yours sincerely,

1. Time and Date Tuesday, June 24, 2025 at 10:00 a.m.
2. Venue Conference Room on the 3rd floor of the Company’s Konan Office
250 Asahi, Kochino-cho, Konan-shi, Aichi
(Please refer to the map of the venue for the Annual General Meeting of Shareholders at the end of this document.)
3. Matters for which the General Meeting of Shareholders is held
Matters to be 1. The business report, consolidated financial statements, and audit results of the consolidated reported financial statements by the Accounting Auditor and the Audit and Supervisory Committee for the 54th Fiscal year (April 1, 2024 to March 31, 2025)
2. The financial statements for the 54th fiscal year (April 1, 2024 to March 31, 2025)

Matters to be resolved

- | | |
|----------------|---|
| Proposal No. 1 | Appropriation of surplus |
| Proposal No. 2 | Appointment of six directors (excluding directors who are Audit and Supervisory Committee Members) |
| Proposal No. 3 | Introduction of a stock compensation plan for directors (excluding directors who are audit and supervisory committee members) |
| Proposal No. 4 | Setting the amount of remuneration for Directors (excluding Directors who are members of the Audit Committee) |
| Proposal No. 5 | Setting the amount of remuneration for directors who are members of the Audit Committee |

-
- ◎ If no indication of approval or disapproval is made on the voting form for a proposal, it will be treated as an indication of approval.
◎ In the event of any modifications to the electronic provision measure items, the modifications will be posted on the respective websites where they are posted.

Reference Documents Concerning the General Meeting of Shareholders

Agenda and relevant information

Proposal No. 1: Appropriation of surplus

Our basic policy regarding dividends is to return profits taking account of our business performance, forecast, the balance between safety and our retained earnings, and the medium to long-term free cash flow. Therefore, we aim to develop business for the future, strengthen the management foundation, and increase corporate value over the medium to long term.

Based on this policy, we propose to pay the year-end dividend for the current fiscal year as follows.

1. Matters concerning year-end dividends

(1) Type of dividend property: Cash

(2) Matters concerning the allocation of dividend assets to shareholders and the total amount thereof
50 yen per share of common stock of SUNCORPORATION
Total amount: 1,113,363,050 yen

(3) Effective date of the distribution of surplus
June 25, 2025

Proposal 2: Appointment of Six (6) Directors (excluding Directors who are Audit and Supervisory Committee Members)

As the terms of office of all directors (excluding directors who are members of the Audit and Supervisory Committee) will expire at the conclusion of this General Meeting of Shareholders, the Company proposes the appointment of six (6) Directors (excluding directors who are members of the Audit and Supervisory Committee). The Audit and Supervisory Committee has stated that there are no particular matters to be pointed out in connection with this proposal.

The nominees for directors (excluding directors who are Audit and Supervisory Committee Members) are as follows.

candidate No.	Name (Date of birth)	Brief Personal History, Positions, Responsibilities and Important Concurrent Positions	Number of our shares held
1	Ryusuke Utsumi (Male) (October 8, 1965)	Mar. 2008 Chubu Association for Management Information Technology Aichi Venture House Incubation Manager Jun. 2009 Manager, Industrial Support Department, Chubu Aerospace Technology Center Jun. 2012 Joined SUNCORPORATION Oct. 2018 General Manager, Internal Control Office Apr. 2019 General Manager, Internal Audit Office Apr. 2020 Director of the SUNCORPORATION Apr. 2020 Director, Cellebrite DI Ltd. Apr. 2020 Director, E-Dream Corporation (to present) Jul. 2020 Director, SUNTAC Corporation Feb.2021 Chairman, Cellebrite DI Ltd. Jun. 2021 Representative Director of SUNCORPORATION (to present) Aug. 2021 Director, Cellebrite DI Ltd. (to present) Feb. 2023 Chairman, EKTech Holding Sdn. Bhd. (to present) Jan.2025 Director of Sun Digital Health (to present)	7,800 shares
	Reasons for the appointment as a candidate Since assuming the position of Director of the Company in April 2020, he has promoted rationalization of management by utilizing his experience in a wide range of fields and his extensive knowledge and personal connections as a corporate manager. He has also demonstrated a high degree of drive and leadership in the management of each subsidiary and in various measures to strengthen the Company's management base.		

candidate No.	Name (Date of birth)	Brief Personal History, Positions, Responsibilities and Important Concurrent Positions		Number of our shares held
2	Yoshimi Kimura (Male) (April 3, 1948)	Oct. 1972	Pete Mauik Mitchell Accounting Firm (now KPMG)	10,400 shares
		Sep. 1978	George Takahashi Accounting Office	
		Feb. 1980	Mackin Industries	
		Sep. 1984	President and Consultant, System Pro USA	
		Oct. 1989	Showa Ota & Co. (now Ernst & Young ShinNihon LLC)	
		Nov. 1994	General Manager, Internal Audit Office, Goodman Co.	
		Sep. 1997	Managing Director and General Manager of Administration Division of the same company	
			Managing Director, General Manager of Overseas Business	
		Sep. 2004	Management Division and General Manager of Administration Division	
		Sep. 2006	Chairman, Avantech Vascular, Inc.	
		Dec. 2006	Light Lab Imaging, Inc. Controller	
		Sep. 2008	Full-time Auditor of Goodman Corporation	
		Sep. 2014	Auditor, Greens Inc.	
		Mar. 2016	Director and Audit Committee Member of the same company	
		Jul. 2018	Consultant for SUNCORPORATION	
		Jun. 2019	President and Representative Director of SUNCORPORATION	
		Jun. 2021	Senior Managing Director and Representative Director of SUNCORPORATION (to present)	
		Jan.2025	Director of Sun Digital Health (to present)	
Reasons for the appointment as a candidate He has abundant experience in overseeing corporate management and administration at several domestic and overseas companies over many years, as well as sufficient knowledge and experience to carry out management restructuring, including investing in and growing startup companies, launching new businesses, and improving operations, and was appointed as a director in June 2019. Since then, he has promoted the rationalization of the Company's management and is expected to further strengthen the functions of the Board of Directors.				
3	Yonatan Domnitz (Male) (April 21, 1981)	Aug. 2006	Forensic Accountant, RGL Forensics Accountants and Consultants, London	2,200 shares
		Aug. 2009	From ICAEW (Institute of Chartered Accountants in England and Wales) Accredited by the Association of Chartered Certified Accountants (ACA)	
		Jan. 2010	forensic accountant, C. Lewis & Company LLP (London and Hong Kong)	
		Aug. 2012	Director and Strategic Analyst (to present), Oasis Management Company Ltd. (Hong Kong)	
		Apr. 2020	Director of SUNCORPORATION (to present)	
		Apr. 2020	Director, Cellebrite DI Ltd. (to present)	
Reasons for the appointment as a candidate He has engaged in financial analyses and various risk investigations for many years and has the specialized knowledge of advanced financial fields and the ability to supervise our group's finance and accounting departments. He is expected to contribute to the enhancement of SUNCORPORATION's corporate value and medium to long term development by improving profitability, improving operations, strengthening competitiveness, and implementing corporate governance reforms.				

candidate No.	Name (Date of birth)	Brief Personal History, Positions, Responsibilities and Important Concurrent Positions		Number of our shares held
4	Yakov Zlichia (Male) (October 4, 1966)	Sep. 1994 Jan. 1996 Jul. 1999 Nov. 2002 Jul. 2004 Jun. 2007 Jun. 2012 Nov. 2015 Apr. 2020 Jul. 2020 Dec 2024 Jan.2025	Clerkship, Hamburger, Evron Law Firm (Israel) Lawyer, Sadot Law Firm (Israel) (Member of the Israeli Bar Association since November 1995) Tokyo correspondent, Maariv Daily Newspaper (Israel) Business Development Manager, Japan Israel Investment Corporation, Ltd. Business Development Consultant, Zlichia Consulting, Inc. (to present) OEM Sales Manager, Mentor Graphics Japan K.K. (acquired Valor Computerized Systems Japan) Director of Business Development, Screenovate Technologies Ltd. (Israel) Representative Director and Country Manager Incredibuild Japan K.K. Outside Director of SUNCORPORATION Director of SUNCORPORATION (to present) Director of MYWAVES TECHNOLOGIES LIMITED (to present) Representative Director of Sun Digital Health (to present)	3,100 shares
Reasons for the appointment as a candidate He has many years of extensive experience in business development in both Japan and Israel, and his outstanding expertise as a lawyer is expected to strengthen the functions of the Board of Directors.				
5	Akira Iwata (Male) (November 30, 1950)	Apr. 1985 Apr. 1993 Apr. 1997 Nov. 2002 Jan. 2004 Apr. 2004 Apr. 2016 Apr. 2016 Apr. 2020	Associate Professor, Department of Computer Science and Engineering, Nagoya Institute of Technology Professor, Department of Electrical and Computer Engineering, Nagoya Institute of Technology Chairman, Department of Electrical and Computer Engineering, Nagoya Institute of Technology Vice President, Nagoya Institute of Technology Professor, Graduate School of Engineering, Nagoya Institute of Technology Professor, Graduate School of Engineering, Nagoya Institute of Technology General Manager, Intellectual Property Management Division, Techno Innovation Center (concurrent position) Professor Emeritus, Nagoya Institute of Technology (current position) Representative Director, Encephalon Corporation (to present) a startup company and a national university corporation from Nagoya Institute of Technology, Outside Director of SUNCORPORATION (to present)	3,700 shares
Reasons for the nomination as a candidate and the expected roles As he has advanced technical expertise in the fields of artificial intelligence (AI), neural networks, deep learning, and information security, as well as extensive consulting experience in the planning, development, and manufacturing of IoT sensor systems, he has been providing SUNCORPORATION with objective technical advice and proposals from an independent position. He is expected to contribute to the growth and development of SUNCORPORATION's group, and is therefore nominated as a candidate for Outside Director again.				

candidate No.	Name (Date of birth)	Brief Personal History, Positions, Responsibilities and Important Concurrent Positions	Number of our shares held
6	Lisa Hammitt (Female) (November 13, 1962)	<p>Aug. 1998 Chief Executive Officer of Black Pearl Software</p> <p>Jul. 2003 WW Strategy Lead, Artificial Intelligence and Analytics of IBM</p> <p>May. 2010 Director, Corporate Strategy and Development, Cloud Services Business Unit of Hewlett Packard</p> <p>Sep. 2011 Vice President, Community Cloud of Salesforce.com</p> <p>Jun. 2015 Vice President, Watson Cloud Services of IBM</p> <p>Dec. 2017 Global Vice President, Data and Artificial Intelligence of Visa</p> <p>Feb. 2019 Independent Board Member of Clear Channel Outdoor (to present)</p> <p>Dec. 2019 Senior Advisor of Brighton Park Capital (to present)</p> <p>Mar. 2020 Independent Board Member of Glassbox (to Nov 2023)</p> <p>Jan. 2022 Chairwoman of the Board of Directors of Intelsat (to present)</p> <p>Jan. 2023 Independent Board Member of QuSecure (to present)</p> <p>Feb. 2023 Independent Board Member of Auterion GS (to present)</p> <p>Oct. 2023 Independent Board Director of Solliance (to present)</p> <p>Jan. 2024 Board Advisor of Asignio (to present)</p> <p>Feb. 2024 Board Advisor of The Mandatum Foundation (to present)</p> <p>Jun. 2024 Outside Director of SUNCORPORATION (to present)</p>	0 shares
<p>Reasons for the nomination as a candidate and the expected roles</p> <p>She has many years of experience in senior management positions leading technology companies or consumer software divisions, where she has achieved growth and success in many businesses. She has a wealth of experience, and as an independent director, she will be able to provide objective and professional advice and recommendations to the Company's management. As such, her contribution to the growth and development of the Group can be expected, and is therefore nominated as a candidate for Outside Director again.</p>			

- (Notes)1. There are no special interests between the director candidates and SUNCORPORATION.
2. Mr. Akira Iwata is currently an outside director of the Company who is not a member of the Audit Committee, and will have been in office for five years and three months at the conclusion of this General Meeting of Shareholders.
3. Ms. Lisa Hammitt is currently an outside director of the Company who is not a member of the Audit Committee, and will have been in office for one year at the conclusion of this General Meeting of Shareholders.
4. The Company has appointed Mr. Akira Iwata as an independent director as stipulated by the Tokyo Stock Exchange and has notified the Tokyo Stock Exchange to that effect.
5. The Company's Articles of Incorporation stipulate that the Company may enter into agreements with outside directors to limit their liability for damages to the Company to a certain extent so that the Company can attract competent human resources as outside directors. If this proposal is approved and Mr. Akira Iwata and Ms. Lisa Hammitt are elected, the Company plans to continue the liability limitation agreement with both of them. The maximum amount of liability under such contracts shall be the minimum liability limit stipulated by laws and regulations.
6. The Company has concluded a directors' and officers' liability insurance policy (management risk protection insurance policy) with an insurance company as stipulated in Article 430-3 of the revised Companies Act. The Company plans to renew the policy in July 2025. The insurance policy covers the costs of disputes and damages incurred by the insured due to corporate lawsuits, third-party lawsuits, shareholder derivative actions, etc. Other details are as described in the Business Report (see page ○). If the candidates are reappointed, they will be included as insured under the policy.
7. The "Number of shares held" shows the number of shares as of March 31, 2025.

(Reference) Skills matrix of the Company's directors (expected after the Annual General Meeting on June 24, 2025)

Name	Position and responsibilities	Business Management	Financial Accounting	Legal & Risk Management	Global	Business (Entertainment)	Business (Global DI)	Business (IT)	M&A	Marketing Sales	HR
Ryusuke Utsumi	CEO	○		○		○	○	○	○	○	○
Yoshimi Kimura	Senior MD	○	○		○			○	○		○
Yonatan Domnitz	Director	○	○		○		○	○	○		
Yakov Zlich	Director	○		○	○		○	○	○	○	
Akira Iwata	Director	○					○	○			
Lisa Hammitt	Director	○			○		○	○	○	○	
Yasushi Muto	Director/Audit committee Member		○	○		○	○	○			
Tomonori Shinkai	Director/Audit committee Member	○	○						○		
Takashi Matsui	Director/Audit committee Member	○		○					○		

Proposal 3:Introduction of a stock compensation plan for directors (excluding directors who are audit and supervisory committee members)

1. Reasons for the proposal and reasons why it is appropriate

The proposal is to introduce a new share remuneration scheme for the Company's directors (excluding directors who are members of the Audit Committee) and executive officers (hereinafter collectively referred to as 'directors and executive officers'). The new share remuneration scheme is the 'Share Benefit Trust (BBT = Board Benefit Trust, hereinafter referred to as the 'Scheme') and we seek approval for the introduction of this scheme.

The purpose of this proposal is to clarify the linkage between the remuneration of Directors and the value of the Company's shares and to share with shareholders not only the benefits of a rise in the share price but also the risk of a fall in the share price, thereby raising awareness of the need for Directors to contribute to increasing the Company's corporate value over the medium to long term. The Company's Remuneration Advisory Committee has reported that the introduction of this system is appropriate, taking into account the purpose of the system, the effect of providing incentives, etc., and that the introduction of this system is also in line with the policy (see below) regarding the determination of the content of individual remuneration for each director of the Company.

This proposal requests the approval of the specific calculation method and details of the amount of remuneration, etc., to be paid to the Company's Directors (excluding Directors who are members of the Audit Committee) in accordance with this system, which is separate from the amount of remuneration (not exceeding ¥300 million per annum) for Directors, which is proposed to be approved as Proposal 4. We ask that the details of this scheme be left to the Board of Directors within the framework of 2. below.

As for the current remuneration system, the Company's 51st Annual General Meeting of Shareholders on June 23, 2022 approved the calculation method and specific details of the amount of the post-delivery type share-based remuneration system for directors. The adoption of the proposed new scheme will replace the previous scheme and if Proposal 2 is approved, there will be six Directors (including two Outside Directors) subject to this scheme.

The Audit and Supervisory Committee has expressed its opinion that the introduction of this system is reasonable, based on the purpose of the system and the decision-making process for this proposal, including the report from the Remuneration Advisory Committee.

2. Specific calculation method and details of the amount of remuneration under the Scheme

(1) Outline of the Scheme

Under the Scheme, the Company's shares are acquired through a trust (the trust to be established under the Scheme is hereinafter referred to as the 'Trust') with money contributed by the Company as the source of funds, and the Company's shares and money equivalent to the market value of the Company's shares ('the Company's shares, etc.') are paid to the Directors, etc. through the Trust in accordance with the Directors' Share Benefit Regulations established by the Company.

As a general rule, directors receive the Company's shares and other benefits at a certain time each year.

(2) The people eligible for the Scheme

Directors (Directors who are members of the Audit Committee are excluded from the Scheme) and executive officers

(3) Trust period.

From August 2025 (planned) until the Trust is terminated (no specific termination date has been set for the Trust Period and the Trust will continue as long as the Scheme continues. This scheme will be terminated upon the delisting of the Company's shares, abolition of the Directors' Share Benefit Regulations, etc.).

(4) Trust amount

Subject to the approval of the Proposal, the Company shall be entitled to grant the Trust Shares for three fiscal years from the fiscal year ending at the end of March 2026 to the fiscal year ending at the end of March 2028 (such three fiscal year period hereinafter referred to as the 'Initial Target Period' and each of the three fiscal years commencing after the Initial Target Period will be referred to as the 'Target Period'). In order to introduce the Plan for the Initial Target Period and each subsequent Target Period and to provide Directors and others with Company shares and other benefits, the following money will be contributed to the Trust as the source of funds for the acquisition of Company shares and other benefits by the Trust.

First, at the time of the establishment of the Trust (September 2025 (planned)), the Company will establish the Trust by contributing a substantial amount of money that is expected to be the necessary funds corresponding to the initial target period. As the maximum number of points to be granted to Directors, etc. under this system is 10,000 points per financial year, as described in (6) below, at the time of the establishment of the Trust, taking into account the closing price of the Company's ordinary shares in ordinary trading on the Tokyo Stock Exchange immediately before the establishment of the Trust, the funds reasonably expected to be required to acquire up to 30,000 shares will be contributed to the Trust. For reference, if the closing price of the Company's ordinary shares on May 14, 2025 was applied, the funds required for the above would amount to approximately JPY 222 million (For comparison, the to-be-abolished post-delivery type stock compensation scheme has the annual amount for Restricted Stock Units (RSUs) less than JPY 120 million, and the annual amount for Performance Share Units (PSUs) less than JPY 6,000 million in total).

In addition, even after the Initial Eligibility Period has elapsed, the Company shall, in principle, make additional contributions to the Trust for each Eligible Period until the termination of the Scheme, based on a reasonable estimate of the number of shares required to provide benefits to Directors, etc. under the Scheme and funds deemed necessary for the Trust to acquire such shares in advance.

In the event that the Company decides to make an additional contribution, the amount of the additional contribution shall be calculated by taking into account the remaining shares, etc. If the Company decides to make an additional contribution, it will disclose this in a timely and appropriate manner.

(Note) The amount of money actually contributed by the Company to the Trust will be the sum of the above-mentioned funds for share acquisition and the estimated amount of necessary expenses such as trust remuneration.

(5) Method and number of shares to be acquired by the Trust

The acquisition of the Company's shares by the Trust will be carried out using the funds contributed in accordance with (4) above, either through the stock exchange market or by taking on the disposal of the Company's own shares. As the maximum number of points granted to Directors, etc. is 10,000 points per financial year, as described in (6) below, the maximum number of Company shares to be acquired by the Trust for each applicable period is 30,000 shares. Details of the acquisition of Company shares by the Trust will be disclosed in a timely and appropriate manner.

(6) Maximum number of Company shares, etc. to be granted to directors, etc.

Directors and others are granted a fixed number of points in respect of each financial year in accordance with the Director Share Benefit Regulations, taking into account their duties and other factors. The maximum number of points to be granted to directors, etc. per financial year is 10,000 (including 6,000 points for directors and 2,000 points for outside directors). This has been determined by comprehensively taking into account the current level of remuneration paid to directors, trends in the number of directors, etc. and future prospects, and is considered to be appropriate.

The points granted to Directors, etc. will be converted into one share of the Company's common stock per point upon the delivery of the Company's shares, etc. as described in (7) below (provided, however, that if a stock split, gratis allotment or reverse stock split, etc. is carried out on the Company's shares after the approval of this proposal, the number of points will be adjusted according to such ratio, etc.).

The ratio of 80 voting rights for shares corresponding to the maximum number of points per fiscal year to be granted to directors to the 222,615 voting rights for the total number of shares issued (as of March 31, 2025) is approximately 0.04%.

The number of points of Directors, etc. that will be used as the basis for the delivery of the Company's shares, etc. in (7) below is, in principle, the number of points granted to such Directors, etc. for each financial year (the points calculated in this way are hereinafter referred to as the 'fixed number of points').

(7) Specific method of calculating the amount of benefits and remuneration in the form of shares, etc. of the Company

Directors and others who satisfy the requirements for beneficiaries will, in principle, receive benefits from the Trust at a certain time each year in the number of Company shares corresponding to the 'fixed number of points' determined in accordance with (6) above, by completing the prescribed beneficiary determination procedures. However, if the requirements stipulated in the Officer Share Benefit Regulations are met, a certain percentage of the beneficiaries will receive monetary benefits equivalent to the market value of the Company's shares instead of receiving the Company's shares. In some cases, the Trust may sell the Company shares in order to provide monetary benefits.

Directors, etc. who have been granted points may not acquire the right to receive benefits if the General Meeting of Shareholders or the Board of Directors resolves to dismiss them, or if they retire from office due to certain acts of misconduct during their term of office, or if they have committed inappropriate acts that may cause damage to the Company during their term of office. The right to receive benefits shall not be acquired in such cases. If it is found that certain misconduct has been committed during his/her term of office or that there has been improper conduct, etc. that has caused damage to the company, the company shall be entitled to demand the return of all or part of the benefits concerned.

The amount of remuneration, etc. to be received by Directors shall be determined at the time of granting points by multiplying the total number of points granted to Directors by the book value per share of the Company's shares held by the Trust (provided, however, that if a share split, free share allocation or share consolidation is carried out with regard to the Company's shares, a reasonable adjustment shall be made in accordance with such ratio, etc.) If an extra amount is considered reasonable in accordance with the provisions of the Officer Share Benefit Regulations, an additional amount shall be added.

(8) Voting rights

Voting rights of the Company shares in the Trust Account are not exercised uniformly in accordance with the instructions of the Trust Manager. This is intended to ensure the neutrality towards the Company's management with regard to the exercise of voting rights in relation to the Company's shares in the Trust Account.

(9) Handling of dividends

Dividends relating to the Company's shares in the Trust Account are received by the Trust and are used to pay for the acquisition of the Company's shares and the trustees' remuneration. In the event of the termination of the Trust, the dividends, etc. remaining in the Trust will be proportionally distributed to the Directors, etc. in office at that time according to the number of points held by each of them, in compliance with the provisions of the Directors' Share Benefit Regulations.

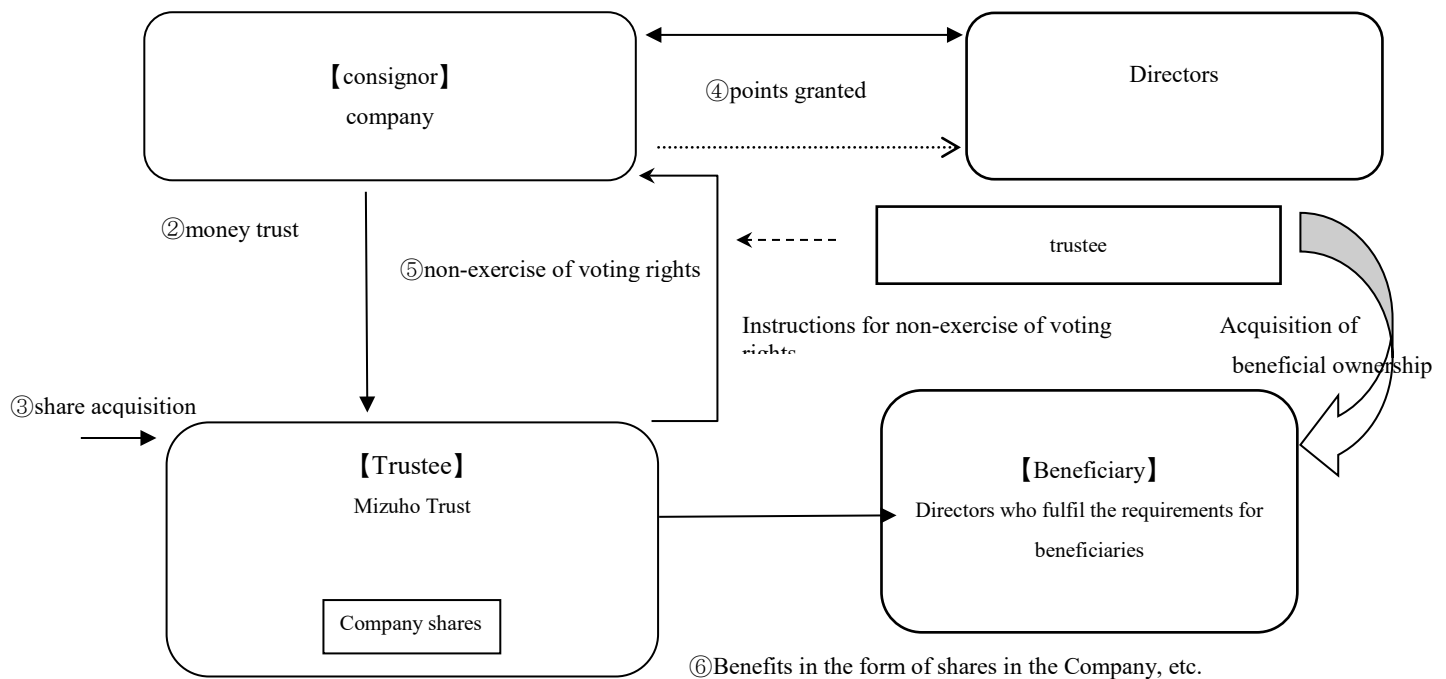
(10) Treatment upon termination of the Trust

The Trust shall be terminated in the event of the delisting of the Company's shares, the abolition of the Directors' Share Benefit Regulations or other events.

Of the residual assets of the Trust at the time of termination of the Trust, all of the Company's shares will be acquired by the Company free of charge and then cancelled by a resolution of the Board of Directors. The remaining amount of money, excluding the money to be paid to the Directors, etc. in accordance with (9) above, will be paid to the Company.

<Reference: structure of the Scheme>

① Setting the Executive Share Benefit Regulations



- ① Within the framework approved for this proposal, the Company will set the Executive Share Benefit Regulations.
- ② The Company will place money in trust to the extent that this proposal has been approved.
- ③ The Trust will acquire the Company's shares using the money entrusted in ② above as the source of funds, either through the stock exchange market or by taking on the Company's disposal of treasury shares.
- ④ The Company grants points to Directors and others in accordance with the Directors' Share Benefit Regulations.
- ⑤ The Trust shall not exercise voting rights in relation to the Company shares in the Trust Account in accordance with the instructions of the Trust Manager, who is independent from the Company.
- ⑥ The Trust shall, at a certain time each year, grant the shares of the Company to the Directors and others who satisfy the requirements for beneficiaries as stipulated in the Directors' Share Benefit Regulations (hereinafter referred to as the "Beneficiaries") in proportion to the number of points granted to such Beneficiaries. However, if the Directors, etc. fulfil the requirements stipulated in the Directors' Share Benefit Regulations, a certain percentage of the points will be paid in cash equivalent to the market value of the Company's shares.

Proposal 4: Setting the amount of remuneration for Directors (excluding Directors who are members of the Audit Committee)

The amount of monetary remuneration for Directors (excluding Directors who are members of the Audit Committee) resolved at the 45th Annual General Meeting of Shareholders held on June 23, 2016 was 'no more than 200 million yen per annum', which has remained the case to date. Taking into account various circumstances, including the economic situation and if Proposal 3 is approved, the amount of remuneration should be changed to 'not exceeding JPY 300 million per annum', given the abolition of the Restricted Stock Units (RSUs) with no performance conditions and the fact that this was up to JPY 630 million. If Proposal 2 Election of six Directors (excluding Directors who are members of the Audit Committee) is approved and passed, the number of Directors (excluding Directors who are members of the Audit Committee) will be six.

The Company has a policy for determining the content of the remuneration of individual Directors as set out in the Business Report '4. Matters relating to Company Directors (2) Remuneration of Directors for the current financial year ① Matters relating to the policy for determining the content of the remuneration of individual Directors' and this proposal is in line with the policy. The Company does not intend to change the said decision-making policy even if this proposal is approved and considers that the contents of this proposal are reasonable.

Proposal 5: Setting the amount of remuneration for directors who are members of the Audit Committee

The amount of monetary remuneration for Directors who are members of the Audit Committee of the Company resolved at the 45th Annual General Meeting of Shareholders held on June 23 2016 was to be ‘within an annual amount of JPY 25 million’ and has remained so to this day. After taking into account the economic situation and other circumstances, it is proposed that the amount of remuneration be changed to ‘up to JPY 45 million per annum’. The number of directors who are members of the Audit Committee will be three.

The Company has a policy for determining the content of the remuneration of individual Directors as set out in the Business Report ‘4. Matters relating to Company Directors (2) Remuneration of Directors for the current financial year ① Matters relating to the policy for determining the content of the remuneration of individual Directors’ and this proposal is in line with the policy. The Company does not intend to change the said decision-making policy even if this proposal is approved and considers that the contents of this proposal are reasonable.