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(Securities code 7637)

June 3, 2026

To our shareholders

Chairman Koji Tsunoda

Hakudo Co., Ltd.

2-5-2, Marunouchi, Chiyoda-ku, Tokyo, Japan

Notice of the 77th Annual General Meeting of Shareholders

It is a pleasure to inform you that the 77th Annual General Meeting of Shareholders of Hakudo Co., Ltd. (the “Company”) will be held as indicated below.

When convening this general meeting of shareholders, the Company takes measures for providing in electronic format the information that constitutes the content of reference documents for the general meeting of shareholders, etc. (matters subject to measures for electronic provision). This information is posted on each of the following websites, so please access either of those websites to confirm the information.

[The Company’s website]

<https://www.hakudo.co.jp/ir/stock/meeting.html> (in Japanese)

(Please access the above website to confirm the information.)

In addition, apart from the Company’s website, matters subject to measures for electronic provision are also posted on the website of the Tokyo Stock Exchange (TSE). Please refer to the following.

[TSE website (Listed Company Search)]

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

(Access the TSE website by using the internet address shown above, enter “Hakudo Co., Ltd.” in “Issue name (company name)” or the Company’s securities code “7637” in “Code,” and click “Search.” Then, click “Basic information” followed by “Documents for public inspection/PR information” to find the “Notice of General Shareholders Meeting/Information Materials for a General Shareholder Meeting” under “Filed information available for public inspection.”)

If you are unable to attend the meeting, you may exercise your voting rights in writing (postal mail) or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders below, and exercise your voting rights by 5:30 p.m. on Tuesday, June 23, 2026 (JST).

- 1. Date and Time:** Wednesday, June 24, 2026, at 10:00 a.m. (JST) (Reception opens at 9:00 a.m.)
- 2. Venue:** Conference Square M+ Grand Room
10F Mitsubishi Building, 2-5-2 Marunouchi, Chiyoda-ku, Tokyo
(Please refer to the venue map at the end of this Notice.)
- 3. Meeting Agenda:**
 - Items to be reported:**
 1. The 77th Fiscal Year (April 1, 2025, to March 31, 2026)
The Business Report, Consolidated Financial Statements, and Audit Results of Consolidated Financial Statements by Financial Auditor and the Audit and Supervisory Committee
 2. The 77th Fiscal Year (April 1, 2025, to March 31, 2026)
Non-consolidated Financial Statements
 - Items to be resolved:**
 - Proposal No. 1 Amendment to the Articles of Incorporation
 - Proposal No. 2 Election of Five Directors (Excluding Directors who are Audit and Supervisory Committee Members)
 - Proposal No. 3 Payment of Bonuses to Directors (Excluding Directors who are Audit and Supervisory Committee Members)
 - Proposal No. 4 Payment of Bonuses to Directors who are Audit and Supervisory Committee Members
 - Proposal No. 5 Revision of Remuneration to Directors (Excluding Directors who are Audit and Supervisory Committee Members)
 - Proposal No. 6 Revision of Remuneration to Directors who are Audit and Supervisory Committee Members
 - Proposal No. 7 Introduction of Restricted Shares Remuneration Plan for Directors (Excluding Directors who are Audit and Supervisory Committee Members)
 - Proposal No. 8 Introduction of Restricted Shares Remuneration Plan for Directors who are Audit and Supervisory Committee Members

[The Exercise of Voting Rights]

- When exercising your voting right in writing (by postal mail), if you indicate neither your approval nor disapproval of the proposal(s) on the Voting Form, it will be deemed that you indicated your approval of the proposal(s).
- If you exercise your voting rights redundantly in writing and via the Internet, the Company will regard the vote exercised via the Internet as valid.
- If you exercise your voting rights more than once via the Internet, the Company will regard the last vote as valid.

- When you attend the meeting in person, please submit the Voting Form to the reception at the venue.
- For this general meeting of shareholders, paper-based documents stating matters subject to measures for electronic provision will be delivered to all shareholders regardless of whether they have made a request for delivery of such documents. However, please note that the following items are excluded based on the laws and regulations and provision of Article 15, paragraph (2) of the Company's Articles of Incorporation.
 - Notes to Consolidated Financial Statements
 - Notes to Non-consolidated Financial Statements

Accordingly, the consolidated financial statements and non-consolidated financial statements described in these documents are part of the documents audited by the financial auditor and the Audit and supervisory committee in the course of preparing the Accounting Audit Report and Audit Report.
- If revisions to the items subject to measures for electronic provision arise, a notice of the revisions and the details of the items before and after the revisions will be posted on the Company's aforementioned website and the TSE website.
- Please note that we will attend the Meeting in "Cool Biz" style with no necktie (casual business attire).

Reference Documents for the General Meeting of Shareholders

Proposal No. 1 Amendment to the Articles of Incorporation

1. Reasons for the Proposal

In order to ensure flexible operation of the General Meeting of Shareholders and the Board of Directors in light of the composition of the Company's Directors, the Company proposes amendments of Article 14 and Article 23 of the Current Articles of Incorporation to allow the Director determined in advance by the Board of Directors to convene and chair the General Meeting of Shareholders and Board of Directors meetings.

2. Details of the Amendments

Details of the amendments are as follows:

(Amendments are underlined.)

Current Articles of Incorporation	Proposed Amendments
(Convener and Chairperson) Article 14. 1 Unless otherwise provided for in laws and regulations or in these Articles of Incorporation, the General Meeting of Shareholders shall be convened and chaired by <u>the Chairman pursuant to</u> a resolution of the Board of Directors. 2 In the event of a vacancy or the inability of <u>the Chairman</u> to perform his duties, another Director shall convene and chair the General Meeting of Shareholders in accordance with the order determined in advance by the Board of Directors.	(Convener and Chairperson) Article 14. 1 Unless otherwise provided for in laws and regulations or in these Articles of Incorporation, the General Meeting of Shareholders shall be convened and chaired by <u>the Director determined in advance by</u> the Board of Directors. 2 In the event of a vacancy or the inability of <u>the Director referred to in the preceding paragraph</u> to perform his/her duties, another Director shall convene and chair the General Meeting of Shareholders in accordance with the order determined in advance by the Board of Directors.
(Convener and Chairperson of Board of Directors Meetings) Article 23. 1 Unless otherwise provided for in laws and regulations, Board of Directors meetings shall be convened and chaired by <u>the Chairman</u> . 2 In the event of a vacancy or the inability of <u>the Chairman</u> to perform his duties, another Director shall convene and chair a Board of Directors meeting in accordance with the order determined in advance by the Board of Directors.	(Convener and Chairperson of Board of Directors Meetings) Article 23. 1 Unless otherwise provided for in laws and regulations <u>or in these Articles of Incorporation</u> , Board of Directors meetings shall be convened and chaired by <u>the Director determined in advance by the Board of Directors</u> . 2 In the event of a vacancy or the inability of <u>the Director referred to in the preceding paragraph</u> to perform his/her duties, another Director shall convene and chair a Board of Directors meeting in accordance with the order determined in advance by the Board of Directors.

Proposal No. 2 Election of Five Directors (Excluding Directors who are Audit and Supervisory Committee Members)

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

For reference, the Audit and supervisory committee has considered this proposal and expressed no opinion on it.

Candidates for the role of Director (excluding Directors who are Audit and Supervisory Committee Members) are as follows:

Candidate No.	Name		Current Position	Number of Board of Directors meetings attended
1	Koji Tsunoda	Reelection	Chairman	13 out of 13 meetings (100%)
2	Tetsuya Yamada	Reelection	President and Representative Director	13 out of 13 meetings (100%)
3	Mitsushige Yamada	Reelection	Senior Managing Director	13 out of 13 meetings (100%)
4	Junichi Furukawa	Reelection Outside Independent	Director	13 out of 13 meetings (100%)
5	Masatoshi Ishimoto	Reelection Outside Independent	Director	13 out of 13 meetings (100%)

Reelection represents a candidate for Director to be reelected

Outside represents a candidate for outside Director

Independent represents an independent officer as defined by the Tokyo Stock Exchange, etc.

Candidate No.	Name (Date of Birth)	Career Summary, position in the Company, and significant concurrent positions outside the Company		Number of the Company's Shares Owned
1	Koji Tsunoda August 15, 1962 Number of Board of Directors meetings attended 13 out of 13 meetings (100%) Reelection	Apr. 1986 Joined Tokyo Express Co., Ltd. July 1986 Joined Hakudo Co., Ltd. (Kousei Co., Ltd.) May 2001 General Manager of Central Branch Office of the Company Apr. 2002 General Manager of Corporate Planning Department Dec. 2002 General Manager of China Department Director and General Manager of Shanghai Hakudo Precision Materials Co., Ltd. Apr. 2004 Executive Officer and Executive General Manager of the Overseas Sales Department of the Company Jan. 2009 Chairman of the Board of Shanghai Hakudo Precision Materials Co., Ltd. Apr. 2009 Executive Officer and Executive General Manager of Development & Sales Division of the Company Apr. 2010 Executive General Manager of Development & Sales Division June 2010 Director and Executive General Manager of Development & Sales Division July 2010 Director and Executive General Manager of Sales Division July 2011 Managing Director Apr. 2012 President and Representative Apr. 2026 Chairman of the Company (current position) (to the present)		5,000 shares
[Reason for election] Koji Tsunoda has led the Company for many years as its President and Representative Director, laying the foundation for the Company as it is today. Mr. Tsunoda has appropriately fulfilled the management supervisory functions by utilizing his extensive management experiences accumulated throughout his career and his advanced knowledge of the industry. We have determined that his advice and support for the next-generation management team will contribute to the Company's sustainable growth and the further enhancement of its corporate governance system. Accordingly, we propose his election as a Director.				

Candidate No.	Name (Date of Birth)	Career Summary, position in the Company, and significant concurrent positions outside the Company	Number of the Company's Shares Owned
2	Tetsuya Yamada March 28, 1969 Number of Board of Directors meetings attended 13 out of 13 meetings (100%) <u>R reelection</u>	Apr. 1991 Joined the Dai-Ichi Kangyo Bank, Limited (currently Mizuho Bank, Ltd.) Aug. 1998 Joined the Company Apr. 1999 Manager of Eastern Purchasing Section of Eastern Branch Office Oct. 2005 General Manager of Atsugi Sales Office of Eastern Branch Office Apr. 2010 Deputy General Manager of Internal Audit Department June 2013 Director in charge of Administration Division Apr. 2016 Managing Director in charge of Standard Products Sales Division Feb. 2019 Director of Takase Aluminum Co., Ltd. (currently AQR Co., Ltd.) Apr. 2021 In charge of Special Order Products Sales Division, Shanghai Hakudo Precision Materials Co., Ltd. and Hakudo (Thailand) Co., Ltd. Dec. 2022 Director and CEO of Hakudo USA Inc. Apr. 2023 Senior Managing Director in charge of Standard Products Sales Division, and Executive General Manager of Standard Products Sales Division Apr. 2024 Senior Managing Director in charge of Standard Products Sales Division Apr. 2026 President and representative (current position) (to the present)	10,000 shares
[Reason for election] Tetsuya Yamada is conversant with the Company's businesses as a whole, and he has supervised the operation of its major businesses and significantly contributed to improving its business results and strengthening its business foundation. We have determined that Mr. Yamada is well suited to lead the management of the entire Company Group appropriately as he has extensive experiences in planning and executing its management strategies and managing organizations. Accordingly, we propose his election as a Director.			

Candidate No.	Name (Date of Birth)	Career Summary, position in the Company, and significant concurrent positions outside the Company		Number of the Company’s Shares Owned
3	Mitsushige Yamada September 20, 1967 Number of Board of Directors meetings attended 13 out of 13 meetings (100%) Reelection	Apr. 1991	Joined the Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.)	190,000 shares
		Aug. 2002	Strategy Group of Deloitte Tohmatsu Consulting LLC (current ABeam Consulting Ltd.)	
		Nov. 2005	Corporate Advisory Headquarters of Shinsei Bank (currently SBI Shinsei Bank, Limited)	
		May 2008	CFO and General Manager of Administration Department of Revamp Corporation	
		June 2008	Outside Corporate Auditor of the Company	
		Apr. 2010	Outside Corporate Auditor of Krispy Kreme Doughnuts Japan	
		June 2010	Outside Director of the Company	
		June 2014	Outside Director of LIFE HAKUDO INC.	
		Apr. 2015	Director in charge of Special Order Products Sales Division and Executive General Manager of Special Order Products Sales Division of the Company	
		Apr. 2018	Managing Director, Director in charge of Special Order Products Sales Division, and Executive General Manager of Special Order Products Sales Division	
		Apr. 2019	Managing Director in charge of Manufacturing Division	
		Apr. 2026	Senior Managing Director (CFO) in charge of Corporate Administration Division (current position) (to the present)	
[Reason for election] Mitsushige Yamada has extensive experiences in corporate finance and sufficient insights based on his participation in management at several companies, and we have determined that Mr. Yamada is capable of contributing to the Company’s sustainable growth. Accordingly, we propose his election as a Director.				

Candidate No.	Name (Date of Birth)	Career Summary, position in the Company, and significant concurrent positions outside the Company		Number of the Company's Shares Owned
4	Junichi Furukawa March 27, 1968 Number of Board of Directors meetings attended 13 out of 13 meetings (100%) Reelection Outside Independent	Apr. 1990	Joined Asahi Mutual Life Insurance Company	- shares
		Apr. 2007	Seconded to Asahi Life Asset Management Co., Ltd. and General Manager of Planning & Administration Department of Asahi Life Asset Management Co., Ltd.	
		Aug. 2008	Executive General Manager of Forest Business Division of FURUKAWA RINGYO CO., LTD.	
		Oct. 2009	Executive Director and Executive General Manager of Forest Business Division	
		Apr. 2010	President and representative (current position)	
		June 2015	Outside Director of the Company (current position)	
		June 2019	Outside Director of Chuo Real Estate Co., Ltd. (currently Chuo-Nittochi Co., Ltd.) (current position)	
		Apr. 2020	Outside Director of Chuo-Nittochi Group Co., Ltd. (current position)	
		Mar. 2023	Outside Director of The Yokohama Rubber Co., Ltd. (current position) (to the present)	
			(Significant concurrent positions outside the Company) President and representative of FURUKAWA RINGYO CO., LTD. Outside Director of The Yokohama Rubber Co., Ltd.	
[Reason for election and overview of expected roles] Junichi Furukawa has abundant managerial experiences and a broad insight, etc. and is conversant with sound and efficient management with a sense of balance as a manager, and we expect Mr. Furukawa to appropriately execute duties as an outside Director. In addition, if his election is approved, we expect him to be involved in selecting the Company's executive candidates and deciding on executive remuneration, etc., from an objective and neutral standpoint as a member of the Nomination and Remuneration Advisory Committee, and also to contribute to strengthening a supervisory function regarding conflicts of interests. Accordingly, we propose his election as a Director.				
5	Masatoshi Ishimoto March 30, 1962 Number of Board of Directors meetings attended 13 out of 13 meetings (100%) Reelection Outside Independent	Apr. 1984	Joined DENTSU INC.	5,000 shares
		July 1992	Joined Eli Lilly and Company	
		Apr. 1996	Joined DESCENTE LTD.	
		Apr. 2002	General Manager of Corporate Planning Department	
		Apr. 2006	Executive Officer and General Manager of New Business Department	
		June 2008	Director in charge of Staff Division	
		June 2011	Executive Director and General Manager of Staff Division	
		June 2013	President	
		June 2018	Outside Director of the Company (current position) (to the present)	
[Reason for election and overview of expected roles] Masatoshi Ishimoto has been engaged in the managing a company listed on the First Section of the Tokyo Stock Exchange (current Prime Market) for many years and has abundant managerial experiences and a broad insight, etc., and we expect Mr. Ishimoto to appropriately execute his duties as an outside Director. In addition, if his election is approved, we expect him to be involved in selecting the Company's executive candidates and deciding on executive remuneration, etc., from an objective and neutral standpoint as a member of the Nomination and Remuneration Advisory Committee, and also to contribute to strengthening a supervisory function regarding conflicts of interests. Accordingly, we propose his election as a Director.				

- (Note)
1. There is no special interest between any of the candidates and the Company.
 2. Of the candidates for Director, Mr. Furukawa and Mr. Ishimoto are candidates for an outside Director.

3. The Company has registered Mr. Furukawa and Mr. Ishimoto as independent officer as provided for by the Tokyo Stock Exchange.
If the reelection of Mr. Furukawa and Mr. Ishimoto is approved, the Company plans for their registration as independent officers to continue.
4. Mr. Furukawa and Mr. Ishimoto are currently outside Directors of the Company. At the conclusion of this Annual General Meeting of Shareholders, Mr. Furukawa's tenure as an outside Director of the Company will have been eleven years, and Mr. Ishimoto's tenure will have been eight years.
5. Pursuant to the provision of Article 427, paragraph (1) of the Companies Act, the Company has entered into agreements with Mr. Furukawa and Mr. Ishimoto to limit their liability for damages under Article 423, paragraph (1) of the said Act. The maximum amount of liability for damages under these agreements is the amount stipulated by laws and regulations, and if their reelection is approved, the Company plans to continue such agreements.
6. The Company has not entered into indemnity agreements with each candidate for Director.
7. The Company has taken out a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The policy covers losses that may arise when the insured, including the Company's Directors, assumes liability incurred in the course of the performance of duties, or receipt of claims pertaining to the pursuit of such liability. If each candidate is reelected and assumes the office as Director, they will be included as insureds in the said insurance policy. In addition, when the said insurance policy is renewed, the Company plans to renew it again with the same terms.

Proposal No. 3 Payment of Bonuses to Directors (Excluding Directors who are Audit and Supervisory Committee Members)

The Company proposes to pay cash and monetary claims for the grant of shares with transfer restrictions (the “Monetary Claims”) as bonuses to three Directors (excluding Directors who are Audit and Supervisory Committee Members and outside Directors) as of the end of the fiscal year under review, taking into consideration the amount previously paid and the Company’s business results during the fiscal year under review. Regarding the above amounts, the Company requests that the cash amount should be ¥60 million in total and that the Monetary Claims should be in an amount determined by the Board of Directors not exceeding ¥15 million.

The Monetary Claims for the grant of shares with transfer restrictions will be provided to the Company’s Directors (excluding Directors who are Audit and Supervisory Committee Members and outside Directors) (the “Eligible Directors”) in order to provide them with the aim of providing incentives to promote the sustainable enhancement of the Company’s corporate value and furthering value sharing between shareholders and them. The Eligible Directors will provide all of the Monetary Claims to be provided under this proposal as property contributed in kind, in accordance with the resolution of the Board of Directors of the Company, and will receive common shares of the Company that will be issued or disposed of by the Company. The total number of common shares of the Company to be issued or disposed of thereby will be a number determined by the Board of Directors, not exceeding 9,000 shares.

In this case, the amount paid in per share shall be determined by the Board of Directors based on the closing price of the Company’s common shares on the Tokyo Stock Exchange on the business day preceding the date of each Board of Directors resolution regarding the issuance or disposal of the common shares of the Company (or, if no trading occurred on that day, the closing price on the immediately preceding trading day), provided that such amount does not constitute a particularly favorable price for Eligible Directors receiving such common stock. The issuance or disposal of the common shares of the Company and the payment of the Monetary Claims to be provided as property contributed in kind therefor will be subject to the execution of an agreement on allotment of shares with transfer restrictions (the “Allotment Agreement”) between the Company and each Eligible Director, which includes the following matters.

The Company requests that the timing of payment of cash and the Monetary Claims to each Director as well as the allotment thereof should be left to the discretion of the Board of Directors. In addition, decision policies pertaining to the contents of remuneration, etc., to each Director of the Company is as described on page 33-34 of the Business Report (in Japanese only).

This proposal was decided by the Board of Directors following deliberation by the Nomination and Remuneration Advisory Committee while comprehensively taking into account the Company’s business results and each Director’s performance, and the amount of remuneration under this proposal, the total number of the common shares of the Company to be issued or disposed of, and other conditions based on this proposal of the grant of shares with transfer restrictions to each Director are in line with the above decision policies. Therefore, this proposal is considered appropriate.

For reference, the Audit and supervisory committee has considered this proposal and expressed no opposing opinion on it.

[Outline of the Contents of the Allotment Agreement]

(1) Restriction Period

Eligible Directors must not transfer, create a security interest on, or otherwise dispose of the common shares of the Company allotted under the Allotment Agreement (the “Allotted Shares”) during the period from the date of allotment under the Allotment Agreement until immediately after they resign or retire from all positions as Director, Statutory Executive Officer, Executive Officer not concurrently serving as Director, Corporate Auditor, Advisor, Executive Advisor, employee, or any other equivalent position of the Company or any of its subsidiaries (the “Transfer Restriction Period”). The restrictions described in the preceding sentence will be hereinafter referred to as the “Transfer Restrictions.”

(2) Treatment at the time of resignation or retirement

If an Eligible Director resigns or retire from all positions as Director, Statutory Executive Officer, Executive Officer not concurrently serving as Director, Corporate Auditor, Advisor, Executive Advisor, employee, or any other equivalent position of the Company or any of its subsidiaries before the Transfer Restriction Period expires, the Company will automatically acquire such Allotted Shares without contribution, unless the reason for his/her resignation or retirement from office is the expiration of the term of his/her office, death, or other justifiable reason. If an Eligible Director resigns or retires from the above positions due to the expiration of the term of his/her office, death, or other justifiable reason, the Company will lift the Transfer Restrictions of all of the Allotted Shares upon expiration of the Transfer Restriction Period.

(3) Treatment during reorganization, etc.

Notwithstanding the provisions of (1) above, if, during the Transfer Restriction Period, matters relating to a merger agreement in which the Company is the disappearing company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the Company's General Meeting of Shareholders (or at a meeting of its Board of Directors in cases where approval at the Company's General Meeting of Shareholders is not required in relation to the reorganization, etc.), the Company will lift the Transfer Restrictions on all of the Allotted Shares prior to the date on which the reorganization, etc. becomes effective, by resolution of the Board of Directors of the Company. In addition, in cases specified above, the Company will automatically acquire without contribution the Allotted Shares on which the Transfer Restrictions have still not been lifted as of the time immediately after the Transfer Restrictions were lifted.

(4) Other matters

Other matters relating to the Allotment Agreement will be determined by the Board of Directors of the Company.

Proposal No. 4 Payment of Bonuses to Directors who are Audit and Supervisory Committee Members

The Company proposes to pay a total of ¥6 million in bonuses to one Director who is an Audit and Supervisory Committee Member (excluding outside Director) as of the end of the fiscal year under review, taking into consideration the amount previously paid and the Company's business results during the fiscal year under review.

The Company requests that the amount to be paid to Directors who are Audit and Supervisory Committee Members should be left to the discussions of the Directors who are Audit and Supervisory Committee Members. In addition, decision policies pertaining to the contents of remuneration, etc., to each Director of the Company is as described on page 33-34 of the Business Report (in Japanese only).

This proposal was decided by the meeting of Directors who are Audit and Supervisory Committee Members, while comprehensively taking into account the Company's business results and each Director's performance, and is in line with the above decision policies and is therefore considered appropriate.

Proposal No. 5 Revision of Remuneration to Directors (Excluding Directors who are Audit and Supervisory Committee Members)

With regard to the amount of remuneration to Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members), it was resolved at the 68th Annual General Meeting of Shareholders held on June 29, 2017, that the monthly amount shall be not more than ¥12 million (including not more than ¥3 million for outside Directors), and has remained in effect to date.

However, taking into consideration recent significant changes in economic conditions and increased responsibilities of Directors due to changes in the business environment, and in order to enable flexible operation of executive remuneration, the Company proposes to revise the maximum amount of remuneration from a monthly basis to an annual basis and the remuneration amount of Directors (excluding Directors who are Audit and Supervisory Committee Members) to the amount not more than ¥600 million per year (of which not more than ¥55 million for outside Directors).

The Company requests that the remuneration amount of Directors (excluding Directors who are Audit and Supervisory Committee Members) should continue not to include the portion of employee salaries of Directors who concurrently serve as employees.

This proposal is in line with the “Decision policies pertaining to the contents of remuneration, etc., to each Director,” specified by the Company, and is therefore considered appropriate by the Board of Directors.

In addition, if Proposal No. 2 is approved and adopted as originally proposed, the number of Directors after the conclusion of this General Meeting of Shareholders will be five (including two outside Directors).

Proposal No. 6 Revision of Remuneration to Directors who are Audit and Supervisory Committee Members

With regard to the amount of remuneration to Directors who are Audit and Supervisory Committee Members of the Company, it was resolved at the 68th Annual General Meeting of Shareholders held on June 29, 2017, that the monthly amount shall be not more than ¥5 million, and has remained in effect to date.

However, taking into consideration recent significant changes in economic conditions and increased responsibilities of Directors due to changes in the business environment, and in order to enable flexible operation of executive remuneration, the Company proposes to revise the maximum amount of remuneration from a monthly basis to an annual basis and the remuneration amount of Directors who are Audit and Supervisory Committee Members to the amount not more than ¥120 million per year (of which not more than ¥70 million for outside Directors).

This proposal is in line with the “Decision policies pertaining to the contents of remuneration, etc., to each Director,” specified by the Company, and is therefore considered appropriate by the Board of Directors.

The number of current Directors who are Audit and Supervisory Committee Members is four (including three outside Directors).

Proposal No. 7 Introduction of Restricted Shares Remuneration Plan for Directors (Excluding Directors who are Audit and Supervisory Committee Members)

The amount of remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members) of the Company, if Proposal No. 5 is approved and adopted as originally proposed, the amount of remuneration, etc. will not be more than ¥600 million per year (of which not more than ¥55 million for outside Directors; excluding the portion of employee salaries of Directors who concurrently serve as employees).

As part of revisions of its remuneration plan for Directors, in order to provide Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members, but including outside Directors), including Directors (excluding Directors who are Audit and Supervisory Committee Members) to be elected in the future, (collectively, the “Eligible Directors”) with the aim of providing incentives to promote the sustainable enhancement of the Company’s corporate value and furthering value sharing between the Eligible Directors and shareholders, the Company proposes the introduction of a remuneration plan for the grant of shares with transfer restrictions to Eligible Directors, within the above remuneration limit.

The remuneration to be paid to the Eligible Directors for the grant of shares with transfer restrictions based on this proposal will consist of Monetary Claims, and the total amount will be not more than ¥55 million (of which not more than ¥9 million for outside Directors; excluding the portion of employee salaries of Directors who concurrently serve as employees). The specific timing of payment to each Eligible Director and the details of the allotment will be determined by the Board of Directors.

The number of Eligible Directors is currently five (including two outside Directors). If Proposal No. 2 is approved and adopted as originally proposed, the number of Eligible Directors will be five (including two outside Directors).

Furthermore, based on a resolution of the Board of Directors of the Company, Eligible Directors will pay in all Monetary Claims provided to them under this proposal, as property contributed in kind, and in return, will receive the issuance or disposal of common shares of the Company(*). The total number of common shares of the Company to be issued or disposed of through this process shall be at most 34,000 shares per year (of which at most 6,000 shares per year for outside Directors; however, if, on or after the date of approval and resolution of this proposal, a stock split (including a bonus allotment of the Company’s common shares) or a reverse stock split of common shares of the Company takes effect, or in any other event in which the total number of common shares of the Company to be issued or disposed of as shares with transfer restrictions requires adjustment, such total number will be adjusted within a reasonable range).

(*) However, among the Eligible Directors, (i) outside Directors who are attorneys at law, certified public accountants, or other professionals engaged in occupations that, due to the internal regulations of their affiliated organizations, cannot hold shares of the Company, and (ii) Directors who have already resigned as of the time of the conclusion of the most recent annual general meeting of shareholders, at the time of the Board of Directors meeting immediately following the allotment of shares with transfer restrictions, may be paid an amount equivalent to the Monetary Claims as monetary remuneration instead of contributing it as property contributed in kind.

In this case, the amount paid in per share shall be determined by the Board of Directors based on the closing price of the Company’s common shares on the Tokyo Stock Exchange on the business day preceding the date of each Board of Directors resolution regarding the issuance or disposal of the common shares of the Company (or, if no trading occurred on that day, the closing price on the immediately preceding trading day), provided that such amount does not constitute a particularly favorable price for Eligible Directors receiving such common stock. The issuance or disposal of the common shares of the Company and the payment of the Monetary Claims to be provided as property contributed in kind therefor are conditional upon the conclusion of an agreement on allotment of shares with transfer restrictions (the “Allotment Agreement”) between the Company and each Eligible Director, which includes the following matters. The maximum amount of remuneration under this proposal, the total number of the common shares of the Company to be issued or disposed of, and other conditions based on this proposal of the grant of shares with transfer restrictions to Eligible Directors were decided in consideration of the above purpose, the Company’s business conditions, and other various circumstances, and are considered appropriate.

[Outline of the Contents of the Allotment Agreement]

(1) Restriction Period

Eligible Directors shall not transfer, create a security interest on, or otherwise dispose of the common shares of the Company allotted under the Allotment Agreement (the “Allotted Shares”) for the period from the date of allotment under the Allotment Agreement until immediately after the Eligible Director resigns or retires from all positions as Director, Statutory Executive Officer, Executive Officer not concurrently serving as Director, Corporate Auditor, Advisor, Executive Advisor, employee, or any other equivalent position of the Company or any of its subsidiaries (the “Transfer Restriction Period”). The restrictions described in the preceding sentence will hereinafter be collectively referred to as the “Transfer Restrictions.”

(2) Treatment at the time of resignation or retirement

If an Eligible Director resigns or retire from all positions as Director, Statutory Executive Officer, Executive Officer not concurrently serving as Director, Corporate Auditor, Advisor, Executive Advisor, employee, or any other equivalent position of the Company or any of its subsidiaries before the Transfer Restriction Period expires, the Company will automatically acquire the Allotted Shares without contribution, unless the reason for his/her resignation or retirement from office is the expiration of the term of his/her office, his/her death, or other justifiable reason. If an Eligible Director resigns or retires from the above positions due to the expiration of the term of his/her office, his/her death, or other justifiable reason, the Company will lift the Transfer Restrictions of all of the Allotted Shares upon expiration of the Transfer Restriction Period.

(3) Treatment during reorganization, etc.

Notwithstanding the provisions of (1) above, if, during the Transfer Restriction Period, matters relating to a merger agreement in which the Company is the disappearing company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the Company’s General Meeting of Shareholders (or at a meeting of its Board of Directors in cases where approval at the Company’s General Meeting of Shareholders is not required in relation to the reorganization, etc.), the Company will lift the Transfer Restrictions on all of the Allotted Shares, by resolution of the Board of Directors, prior to the effective date of the reorganization, etc. In addition, in cases specified above, the Company will automatically acquire without contribution the Allotted Shares on which the Transfer Restrictions have not been lifted as of the time immediately after the Transfer Restrictions were lifted.

(4) Other

Other matters relating to the Allotment Agreement will be determined by the Board of Directors of the Company.

(Reference)

If Proposals No. 7 and No. 8 are approved and adopted as originally proposed at this Annual General Meeting of Shareholders, the Company plans to grant to employees of the Company, including Executive Officers, shares with transfer restrictions similar to the above-mentioned shares with transfer restrictions.

The Company also plans to revise the “Decision policies pertaining to the contents of remuneration, etc., to each Director” in light of the introduction of this remuneration plan.

Proposal No. 8 Introduction of Restricted Shares Remuneration Plan for Directors who are Audit and Supervisory Committee Members

The amount of remuneration, etc. for Directors who are Audit and Supervisory Committee Members of the Company, if Proposal No. 6 is approved and adopted as originally proposed, will not be the amount more than ¥120 million per year (of which not more than ¥70 million for outside Directors).

As part of revisions of its remuneration plan for Directors, in order to provide Directors who are Audit and Supervisory Committee Members of the Company (including outside Directors), including Directors to be elected in the future, (collectively, the “Eligible Directors”) with the aim of providing incentives to promote the sustainable enhancement of the Company’s corporate value and furthering value sharing between the Eligible Directors and shareholders, the Company proposes the introduction of a remuneration plan for the grant of shares with transfer restrictions to Eligible Directors, within the above remuneration limit.

The remuneration to be paid to the Eligible Directors for the grant of shares with transfer restrictions based on this proposal will consist of Monetary Claims, and the total amount will be not more than ¥22 million (of which not more than ¥12 million for outside Directors). The specific timing of payment to each Eligible Director and the details of the allotment will be determined by the Audit and Supervisory Committee.

The number of Eligible Directors is currently four (including three outside Directors).

Furthermore, based on a resolution of the Board of Directors of the Company, Eligible Directors will pay in all Monetary Claims provided to them under this proposal, as property contributed in kind, and in return, will receive the issuance or disposal of common shares of the Company(*). The total number of common shares of the Company to be issued or disposed of through this process shall be at most 14,000 shares per year (of which at most 8,000 shares per year for outside Directors; however, if, on or after the date of approval and resolution of this proposal, a stock split (including a bonus allotment of the Company’s common shares) or a reverse stock split of common shares of the Company takes effect, or in any other event in which the total number of common shares of the Company to be issued or disposed of as shares with transfer restrictions requires adjustment, such total number will be adjusted within a reasonable range).

(*) However, among the Eligible Directors, (i) outside Directors who are attorneys at law, certified public accountants, or other professionals engaged in occupations that, due to the internal regulations of their affiliated organizations, cannot hold shares of the Company, and (ii) Directors who have already resigned as of the time of the conclusion of the most recent annual general meeting of shareholders, at the time of the Board of Directors meeting immediately following the allotment of shares with transfer restrictions, may be paid an amount equivalent to the Monetary Claims as monetary remuneration instead of contributing it as property contributed in kind.

In this case, the amount paid in per share shall be determined by the Board of Directors based on the closing price of the Company’s common shares on the Tokyo Stock Exchange on the business day preceding the date of each Board of Directors resolution regarding the issuance or disposal of the common shares of the Company (or, if no trading occurred on that day, the closing price on the immediately preceding trading day), provided that such amount does not constitute a particularly favorable price for Eligible Directors receiving such common stock. Additionally, for the issuance or disposal of the common shares of the Company and the payment of the Monetary Claims to be provided as property contributed in kind, it is a condition that an agreement on the allotment of shares with transfer restrictions, similar in content to the outline of the Allotment Agreement described in Proposal No. 7, shall be entered into between the Company and each Eligible Director. The maximum amount of remuneration under this proposal, the total number of the common shares of the Company to be issued or disposed of, and other conditions based on this proposal of the grant of shares with transfer restrictions to Eligible Directors were decided in consideration of the above purpose, the Company’s business conditions, and other various circumstances, and are considered appropriate.

(Reference)

The Company also plans to revise the “Decision policies pertaining to the contents of remuneration, etc., to each Director” in light of the introduction of this remuneration plan.

[Reference]

Directors' Expertise and Experience (Skill Matrix)

- If the Proposal No. 2 is approved, expertise and experience of each Director will be as follows:

Name	Position in the Company	Attributes*		Areas of Particular Expertise							
				Corporate Management	Financial Accounting	Human Resource & Talent Development	Legal Affairs, Compliance	Production Technology	Global Business	ICT	ESG and Sustainability
Koji Tsunoda	Chairman			●			●	●		●	●
Tetsuya Yamada	President and Representative Director			●		●	●		●		●
Mitsushige Yamada	Senior Managing Director			●	●			●	●	●	
Junichi Furukawa	Director	Outside	Independent	●	●		●				●
Masatoshi Ishimoto	Director	Outside	Independent	●	●	●			●		
Ryuichi Iwata	Director (Audit and supervisory committee member, full-time)			●		●	●	●			●
Hajime Nukada	Director (Audit and supervisory committee member)	Outside	Independent		●		●		●		●
Toru Takama	Director (Audit and supervisory committee member)	Outside	Independent	●		●			●	●	
Kanako Tajiri	Director (Audit and supervisory committee member)	Outside					●				●

* Outside: Outside Director, Independent: Independent Director as defined by the Tokyo Stock Exchange, etc.

(Note) Of the expertise each Director possesses, items are marked with ●, which indicates the area each Director is especially expected to contribute to.

Independence and Diversity of Directors

(Unit: persons)

Outside director(s)	5/9
Independent outside director(s)	4/9
Female director(s)	1/9