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Securities Code: 6745

June 7, 2021

To our shareholders:

Akio Yamagata, Representative Director President and
CEO

HOCHIKI CORPORATION

2-10-43 Kamiosaki Shinagawa-ku, Tokyo, Japan

Notice of the 125th Annual General Meeting of Shareholders

We are pleased to announce the 125th Annual General Meeting of Shareholders of Hochiki Corporation (the “Company”), which will be held as indicated below.

If you are unable to attend the meeting in person, you may exercise your voting rights in either way described below. Please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights.

[Exercise of voting rights in writing]

Please indicate your approval or disapproval of the proposals in the enclosed voting right exercise form and then return the form to the Company by postal mail so that your vote is received by 5:30 p.m. on Thursday, June 24, 2021 (JST).

[Exercise of voting rights via the internet]

Please access the dedicated website for exercising voting rights (<https://evote.tr.mufg.jp/>), and follow the instructions on the display to indicate your approval or disapproval of the proposals by 5:30 p.m., Thursday, June 24, 2021 (JST).

Details

- 1. Date and Time:** Friday, June 25, 2021, at 10:00 a.m. (JST) (Reception will start at 9:00 a.m.)
- 2. Venue:** Conference Room on 5th floor of main building, Head Office of Hochiki Corporation
2-10-43 Kamiosaki Shinagawa-ku, Tokyo, Japan

3. Purpose of the Meeting

Matters to be reported:

1. The Business Report and the Consolidated Financial Statements for the 125th fiscal year (from April 1, 2020 to March 31, 2021), and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Audit and Supervisory Board
2. The Non-consolidated Financial Statements for the 125th fiscal year (from April 1, 2020 to March 31, 2021)

Matters to be resolved:

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|-----------------------|---|
| Proposal No. 1 | Appropriation of Surplus |
| Proposal No. 2 | Election of 9 Directors |
| Proposal No. 3 | Election of One Substitute Audit and Supervisory Board Member |
| Proposal No. 4 | Amendment to the performance-linked stock compensation plan for Directors |

When you attend the meeting in person, please submit the enclosed voting right exercise form at the reception counter.

Pursuant to laws and regulations as well as Article 14 of the Company’s Articles of Incorporation, the following items are posted on the Company’s website (<https://www.hochiki.co.jp/ir/stock/soukai/>) and are thus not included in the attached document to this notice of convocation:

- Notes to the Consolidated Financial Statements
- Notes to the Non-consolidated Financial Statements

In case of any revisions to the Reference Documents for the General Meeting of Shareholders and the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements, the revised matters will be posted on the Company’s website as shown above.

Reference Documents for the General Meeting of Shareholders

Proposal No. 1 Appropriation of Surplus

The Company proposes the appropriation of surplus as follows:

Year-end dividends

The Company recognizes return of profit to shareholders as one of its important management issues, and makes it a basic policy to maintain stable dividend payments while giving comprehensive consideration to its financial position and level of profit.

The Company has given comprehensive consideration to matters including the business performance of the fiscal year and future business development, and it proposes to pay a year-end dividend for the fiscal year of ¥29 per share, as it makes efforts to maintain continual and stable dividend payments while strengthening its corporate constitution.

- (1) Type of dividend property
To be paid in cash.
- (2) Allotment of dividend property to shareholders and their aggregate amount
The Company proposes to pay a dividend of ¥29 per common share of the Company.
In this event, the total dividends will be ¥730,062,153.
- (3) Effective date of dividends of surplus
The effective date of dividends will be June 28, 2021.

Proposal No. 2 Election of 9 Directors

At the conclusion of this meeting, the terms of office of all 10 Directors will expire. Therefore, the Company proposes the election of 9 Directors.

The candidates for Director are as follows:

Candidate No.	Name	Position and responsibility in the Company	
1	Kenji Kanamori	Director and Chairperson	Reelection
2	Akio Yamagata	Director President and CEO General Manager of Quality Division	Reelection
3	Hajime Hosoi	Director Senior Managing Executive Officer General Manager of International Business Division	Reelection
4	Kazuhito Itani	Director Managing Executive Officer General Manager of Sales Division In charge of Engineering Group	Reelection
5	Yasuhiro Yoshimoto	Managing Executive Officer Deputy General Manager of Sales Division In charge of Security Business	New Election
6	Hiroyuki Uemura	External Director	Reelection External Director Independent Director
7	Tomoatsu Noguchi	External Director	Reelection External Director Independent Director
8	Hideyo Nakano	–	New Election External Director Independent Director
9	Kiyoshi Amano	Director Senior Executive Officer General Manager of General Administrative Division In charge of Internal Auditing Office	Reelection

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
1	Kenji Kanamori (September 26, 1951) Reelection	Apr. 1972	Joined the Company	68,417 shares (Including 11,817 shares scheduled to be delivered regarding the performance-linked stock compensation plan)
		Apr. 2004	Executive Officer, Deputy General Manager of Sales Division	
		June 2007	Director, Deputy General Manager of Sales Division	
		June 2009	Managing Director, General Manager of Sales Division	
		June 2010	Senior Managing Director, General Manager of Sales Division	
		June 2013	Director and President	
		May 2017	Vice Chairperson, National Fire Equipment Society, General Incorporated Association	
			Chairperson, Japan Fire Alarms Manufacturer's Association, General Incorporated Association	
		June 2017	Director and Chairperson (present position)	
		May 2021	Chairperson, National Fire Equipment Society, General Incorporated Association (present position)	
			Chairperson, Japan Fire Extinguishing Systems Manufacturers Association, General Incorporated Association (present position)	
[Reasons for nomination as candidate for Director] Kenji Kanamori has appropriate experience and ability to serve as the Company's Representative Director such as having abundant experience and extensive knowledge as corporate manager, having shown his leadership as the top executive in the management of the Company and being well-versed in various areas of the Company's business.				

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
2	Akio Yamagata (October 14, 1950) Reelection	Apr. 1973	Joined the Company	51,321 shares (Including 12,121 shares scheduled to be delivered regarding the performance-linked stock compensation plan)
		Apr. 2005	Executive Officer, Deputy General Manager of General Administrative Division	
		June 2007	Director, Deputy General Manager of General Administrative Division	
		June 2008	Director, General Manager of General Administrative Division	
		June 2011	Managing Director, General Manager of General Administrative Division	
		June 2012	Managing Director, in charge of Business Planning Division	
		June 2013	Senior Managing Director	
		June 2014	Senior Managing Director, General Manager of International Business Division President & Director of Kentec Electronics Ltd.	
		June 2015	Director and Vice President, General Manager of International Business Division of the Company	
		Apr. 2017	Director and Vice President, in charge of International Business Division	
		June 2017	Director and President	
		Apr. 2018	Director and President, General Manager of Quality Division	
		June 2019	Director President and CEO, General Manager of Quality Division (present position)	
		May 2021	Vice Chairperson, Japan Fire Alarms Manufacturer's Association, General Incorporated Association (present position)	
[Reasons for nomination as candidate for Director] Akio Yamagata has abundant experience and extensive knowledge in the Company's various divisions, such as sales, human resources, business planning and overseas operations, and has shown his leadership in the management of the Company. Mr. Yamagata has appropriate experience and ability to serve as the Company's Representative Director.				
3	Hajime Hosoi (December 31, 1964) Reelection	Feb. 1989	Joined the Company	17,040 shares (Including 5,830 shares scheduled to be delivered regarding the performance-linked stock compensation plan)
		Apr. 2013	Administration Officer, Head of Business Planning Office	
		June 2013	Director, Head of Business Planning Office	
		Apr. 2018	Managing Director, General Manager of Sales Division	
		Apr. 2019	Managing Director, General Manager of Sales Division, in charge of Maintenance Business and Engineering Group	
		June 2019	Director Managing Executive Officer, General Manager of Sales Division, in charge of Maintenance Business and Engineering Group	
		Apr. 2020	Director Senior Managing Executive Officer, General Manager of International Business Division (present position)	
[Reasons for nomination as candidate for Director] Hajime Hosoi has appropriate experience and ability to serve as the Company's Director such as having abundant experience in the areas of business planning, sales and international business, and having shown his leadership mainly in the management of Group companies, including those overseas.				

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
4	Kazuhito Itani (July 11, 1957) Reelection	Apr. 1981	Joined the Company	12,548 shares (Including 4,076 shares scheduled to be delivered regarding the performance-linked stock compensation plan)
		Apr. 2013	Executive Officer, Deputy General Manager of Sales Division	
		June 2014	Director, Deputy General Manager of Sales Division, and General Manager of Tokyo Branch	
		June 2015	Director & President of Hochiki Engineering Corp.	
		June 2019	Director Senior Executive Officer, Deputy General Manager of Sales Division, and General Manager of Tokyo Branch	
		Apr. 2020	Director Managing Executive Officer, General Manager of Sales Division, in charge of Maintenance Business and Engineering Group	
		Oct. 2020	Director Managing Executive Officer, General Manager of Sales Division, in charge of Maintenance Business, Security Business and Engineering Group	
		Apr. 2021	Director Managing Executive Officer, General Manager of Sales Division, in charge of Engineering Group (present position)	
[Reasons for nomination as candidate for Director] Kazuhito Itani has appropriate experience and ability as to serve as the Company's Director such as having abundant experience in sales and having shown his leadership mainly in the field of domestic sales.				
5	Yasuhiro Yoshimoto (July 16, 1961) New Election	Apr. 2013	Administration Officer, General Manager of Sixth Region of SOHGO SECURITY SERVICES CO., LTD.	-
		Apr. 2016	Seconded to Nippon Building Maintenance Co., Ltd. (currently ALSOK Facilities Co., Ltd.) Representative Director and President	
		Apr. 2017	Executive Officer of SOHGO SECURITY SERVICES CO., LTD.	
		Apr. 2021	Councilor of SOHGO SECURITY SERVICES CO., LTD. (present position) Managing Executive Officer, Deputy General Manager of Sales Division, in charge of Security Business of the Company (present position)	
[Reasons for nomination as candidate for Director] Yasuhiro Yoshimoto has appropriate experience and ability to serve as the Company's Director such as having experience and extensive knowledge as corporate manager and having shown his leadership from an expert standpoint mainly in the field of domestic sales.				

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
6	Hiroyuki Uemura (January 23, 1942) Reelection External Director Independent Director	June 1991	Director of Sumitomo Marine & Fire Insurance Co., Ltd. (currently Mitsui Sumitomo Insurance Company, Limited)	13,000 shares
		June 1994	Managing Director	
		June 1997	Senior Managing Director	
		June 1998	Director and President	
		June 2002	Director of the Company	
		June 2004	Retired as Director of the Company	
		June 2006	Director of the Company (present position)	
		July 2007	Full-time Advisor of Mitsui Sumitomo Insurance Company, Limited	
		Apr. 2013	Senior Advisor	
		June 2015	External Director of Taisho Pharmaceutical Holdings Co., Ltd. (present position)	
		Apr. 2017	Honorary Advisor of Mitsui Sumitomo Insurance Company, Limited (present position)	
		[Reasons for nomination as candidate for external Director and expected roles] Hiroyuki Uemura has abundant experience and extensive knowledge as corporate manager and has made appropriate remarks contributing to the Company's management from his expert standpoint at meetings of the Board of Directors. The Company requests approval for his election as an external Director as it expects him to continue to play a role in providing advice and supervision.		
	7	Tomoatsu Noguchi (October 4, 1955) Reelection External Director Independent Director	June 2006	Director of The Toa Reinsurance Company, Limited
June 2009			Managing Director	
June 2012			President and Chief Executive	
June 2014			Audit and Supervisory Board Member of the Company	
June 2016			Director of the Company (present position)	
June 2020			Advisor of The Toa Reinsurance Company, Limited (present position)	
[Reasons for nomination as candidate for external Director and expected roles] Tomoatsu Noguchi is well versed in the fields of finance and accounting in addition to having abundant experience and extensive knowledge as corporate manager, and has made appropriate remarks contributing to the Company's management from his expert standpoint at meetings of the Board of Directors. The Company requests approval for his election as an external Director as it expects him to continue to play a role in providing advice and supervision.				
8	Hideyo Nakano (September 13, 1959) New Election External Director Independent Director	Nov. 1991	Vice President of Cititrust and Banking Corporation	—
		Oct. 1993	Senior Portfolio Manager and Head of Private Investment	
		Jan. 2000	Director and Head of Investment Division of FuNNeX Asset Management Inc.	
		Mar. 2004	CEO of Trias Corporation (present position)	
		Mar. 2020	External Director of OUTSOURCING Inc. (present position)	
	[Reasons for nomination as candidate for external Director and expected roles] Hideyo Nakano is well versed in overseas business in addition to having abundant experience and extensive knowledge as a corporate manager of an IR/PR consulting company, and she is expected to provide advice and supervision with regard to the Company's management from this expert standpoint.			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
9	Kiyoshi Amano (January 28, 1960) Reelection	<p>Aug. 1988 Joined the Company</p> <p>June 2012 General Manager of Accounting Department, General Administrative Division</p> <p>Apr. 2015 Executive Officer, Deputy General Manager of General Administrative Division</p> <p>June 2018 Director, Deputy General Manager of General Administrative Division, and in charge of Internal Auditing Office</p> <p>Apr. 2019 Director, General Manager of General Administrative Division, General Manager of General Affairs Department, and in charge of Internal Auditing Office</p> <p>June 2019 Director Senior Executive Officer, General Manager of General Administrative Division, General Manager of General Affairs Department, and in charge of Internal Auditing Office</p> <p>Apr. 2021 Director Senior Executive Officer, General Manager of General Administrative Division, and in charge of Internal Auditing Office (present position)</p>	7,462 shares (Including 3,375 shares scheduled to be delivered regarding the performance-linked stock compensation plan)
<p>[Reasons for nomination as candidate for Director]</p> <p>Kiyoshi Amano has appropriate experience and ability to serve as the Company's Director such as having abundant experience in the area of finance and accounting and having shown his leadership mainly in the planning and general administration fields.</p>			

- Notes:
- There is no special interest between any of the candidates and the Company.
 - The Company requests approval for the election of Hiroyuki Uemura, Tomoatsu Noguchi and Hideyo Nakano as external Directors, with the expectation that they can provide effective advice from their objective viewpoint independent from other Directors and from their expert standpoint based on experience and knowledge as corporate managers, among others. Hiroyuki Uemura and Tomoatsu Noguchi have been appropriately supervising the Company's management. Hiroyuki Uemura has been serving as an external Director of the Company since June 2006. At the conclusion of this meeting, his tenure will have been 15 years. Tomoatsu Noguchi has been serving as an external Director of the Company since June 2016. At the conclusion of this meeting, his tenure will have been five years.
 - The Company has submitted notification to Tokyo Stock Exchange, Inc. that Hiroyuki Uemura and Tomoatsu Noguchi have been appointed as independent directors. Upon approval for the election of Hiroyuki Uemura, Tomoatsu Noguchi and Hideyo Nakano, the Company plans for their appointment as independent directors.
 - Pursuant to Article 427, paragraph 1 of the Japanese Companies Act and provisions of the Articles of Incorporation of the Company, the Company has entered into an agreement with each of Hiroyuki Uemura and Tomoatsu Noguchi to limit their liability for damages under Article 423, paragraph 1 of the same Act. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for under laws and regulations. Upon approval for the election of Hiroyuki Uemura, Tomoatsu Noguchi and Hideyo Nakano, the Company plans to enter into the aforementioned limited liability agreement with each of them.
 - As provided for in Article 430-3, paragraph 1 of the Companies Act, the Company has entered into a directors and officers liability insurance policy, in which the Directors of the Company are insureds, with an insurance company and the full amount of insurance premiums are borne by the Company. An overview of the details is as follows. The insurance company covers, under this policy, losses that arise through a subject officer, who is an insured, assuming liability related to their execution of duties or through claims pertaining to the pursuit of such liability, and if each candidate assumes office as a Director, each Director will be included as an insured in this policy. In addition, when the policy is renewed, the Company plans to renew the policy with the same terms.
 - The numbers of the Company's shares owned by each candidate include the number of shares scheduled to be delivered upon retirement pursuant with the performance-linked stock compensation plan introduced in fiscal year 2018. Note that the voting rights attached to the shares scheduled to be delivered pursuant to the Plan are non-exercisable during the period until they are delivered to each candidate in the future. In addition, shares constituting an equivalent of 40% of said shares scheduled to be delivered shall be sold on the market and the proceeds are scheduled to be delivered to each candidate to secure funds for payment of taxes.

Proposal No. 3 Election of One Substitute Audit and Supervisory Board Member

The validity of the election of Kenichi Nakamura, who was elected as substitute Audit and Supervisory Board Member at the 121st Annual General Meeting of Shareholders held on June 28, 2017, expires at the start of this General Meeting of Shareholders. Therefore, the Company proposes the election of one substitute Audit and Supervisory Board Member in the event that the number of Audit and Supervisory Board Members falls below the number required by laws and regulations.

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

The effective period of the validity of the election of a substitute Audit and Supervisory Board Member shall be until the commencement of the Annual General Meeting of Shareholders to be held for the last fiscal year ending within four years after his or her election.

The validity of the election of Kenichi Nakamura can be nullified by resolution of the Board of Directors if the consent of the Audit and Supervisory Board has been obtained; provided, however, that it is only in a time before assuming office.

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

Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
Kenichi Nakamura (July 9, 1975) External Audit and Supervisory Board Member Independent Audit and Supervisory Board Member	Oct. 2002 Joined ChuoAoyama Audit Corporation Aug. 2007 Joined Shin Nihon & Co. July 2009 Representative of Kenichi Nakamura CPA Office (currently Kenichi Nakamura CPA & TAX Office)	—
[Reasons for nomination as a candidate for substitute external Audit and Supervisory Board Member] Though Kenichi Nakamura has never in the past been directly involved in the management of a company, the Company believes that he can appropriately fulfill his duties as an external Audit and Supervisory Board Member as he has sufficient knowledge regarding auditing operations due to being well versed in corporate accounting as certified public accountant and certified public tax accountant.		

- Notes:
1. There is no special interest between the candidate and the Company.
 2. Kenichi Nakamura is a candidate for substitute external Audit and Supervisory Board Member.
 3. The Company stipulates in its Articles of Incorporation that it may, pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, enter into agreements with Audit and Supervisory Board Members to limit their liabilities for damages to certain extent. If Kenichi Nakamura assumes office as an Audit and Supervisory Board Member, the Company plans to enter into an agreement with him to limit his liability for damages under Article 423, paragraph 1 of the Japanese Companies Act to the amount provided for under laws and regulations.
 4. As provided for in Article 430-3, paragraph 1 of the Companies Act, the Company has entered into a directors and officers liability insurance policy with the Company's Audit and Supervisory Board Members as insureds with an insurance company, and the full amount of insurance premiums are borne by the Company.
An overview of this policy is as follows. The insurance company covers, under this policy, losses that arise through a subject officer, who is an insured, assuming liability related to their execution of duties or through claims pertaining to the pursuit of such liability, and if the candidate assumes office as an Audit and Supervisory Board Member, the Audit and Supervisory Board Member will be included as an insured in this policy. In addition, when the policy is renewed, the Company plans to renew the policy with the same terms.
 5. If Kenichi Nakamura assumes office as an Audit and Supervisory Board Member, the Company plans to submit notification to Tokyo Stock Exchange, Inc. that Kenichi Nakamura has been appointed as independent audit and supervisory board member.

Proposal No. 4 Amendment to the performance-linked stock compensation plan for Directors

1. Reason for the Proposal and reasons why said compensation is appropriate

The Company received the approval of shareholders at the 122nd Annual General Meeting of Shareholders held on June 27, 2018 for a performance-linked stock compensation plan (hereinafter “The Plan”) for Company Directors (excludes seconded employees, external Directors and non-residents. Same applies below), which was subsequently introduced.

The applicable three fiscal year period covered by The Plan (from the fiscal year ended March 31, 2019 through the fiscal year ended March 31, 2021) has just ended, and the Company proposes a partial amendment to The Plan in order to continue The Plan from the fiscal year ending March 31, 2022 onward.

The purpose of The Plan continues to be to raise the motivation of Directors to contribute to the Group’s sustainable growth and to increasing medium- to long-term corporate value. In addition, the current Plan is designed so that the amount of stock-based compensation fluctuates depending only on the degree of achievement of performance targets for the final fiscal year of the applicable three fiscal year period covered by The Plan, but the Company has determined that not just for the final fiscal year, but also further raising awareness of the Company’s performance in the fiscal years leading up to the final fiscal year will lead to the Group’s sustainable growth and to increasing medium- to long-term corporate value, and therefore proposes changing the calculation method of the performance-linked portion of The Plan to fluctuate according to the degree of achievement of performance targets for each fiscal year, and believes the proposed partial amendment to The Plan is appropriate.

If Proposal No. 2 “Election of 9 Directors” is approved as originally proposed, the number of eligible Directors covered under The Plan will be 5 (excludes seconded employees, external Directors and non-residents).

2. Amount and content of compensation under The Plan

(1) Contents of the amendment to The Plan

The Company will extend the entrustment period, which expires on August 31, 2021, until August 31, 2024 (hereinafter the “extension”), and will continue The Plan. Rules for awarding points in The Plan until now will be amended as follows, subject to approval at the General Meeting of Shareholders on continuation of The Plan.

(Before amendment)

<Rules for awarding points>

For the amount of stock-based compensation for Directors each year set according to position etc., 50% is set as fixed points, out of the number obtained by dividing by the average acquisition unit price (*1) for the Company’s shares in the Trust, and 50% is granted as performance-linked points, which shall be respectively added cumulatively. Performance-linked points shall vary within the range of 0% to 200% by multiplying the cumulative value for each applicable period by the performance-linked coefficient according to the degree of achievement of targets set forth in the Medium-Term Management Plan corresponding to the applicable period (*2) (*3).

(*1) If the entrustment period of the Trust is extended by continuing the Trust, the average acquisition unit price of the Company’s shares acquired by the Trust after the extension shall be applied.

(*2) Target values during the applicable period include consolidated net sales, consolidated operating profit, consolidated OPM, ROE, etc. set forth in the Company’s Medium-Term Management Plan.

(*3) For Directors who retire midway through the applicable period, the performance-linked coefficient shall be determined based on the degree of achievement of targets for the fiscal year immediately prior instead of the degree of achievement of targets set forth in the Medium-Term Management Plan.

(After amendment)

<Rules for awarding points>

For the amount of stock-based compensation for Directors each year set according to position etc., 50% is set as fixed points, out of the number obtained by dividing by the 1-month average stock price for the Company’s shares in the month of March each year, and 50% is granted as performance-linked points (*4)

(*5), by multiplying the value for each fiscal year during the applicable period by the performance-linked coefficient according to the degree of achievement of targets (which shall vary within the range of 0% to 200%), which shall be respectively added cumulatively.

(*4) Performance target values for each fiscal year during the applicable period are consolidated net sales, consolidated operating profit, consolidated OPM, ROE, etc.

(*5) For Directors who retire midway through a fiscal year, the performance-linked coefficient shall be determined based on the degree of achievement of targets for the fiscal year immediately prior.

Except for the amendments above, details of The Plan, which was approved by resolution at the 122nd Annual General Meeting of Shareholders held on June 27, 2018, shall be maintained.

(2) Contents of The Plan after the amendment

The Plan is a stock compensation plan under which the Company's shares shall be acquired by a trust using compensation for Directors that will be contributed by the Company as funds, and the Company's shares etc. shall be granted to Directors through the Trust (Details are as presented below in (3) onward.).

(i) Individuals for delivery of the Company's shares subject to this proposal	<ul style="list-style-type: none"> The Company's Directors (excluding external Directors and non-residents)
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(ii) Effect of the Company's shares subject to this proposal on the total number of shares issued	
Maximum amount of money to be contributed by the Company	<ul style="list-style-type: none"> The maximum amount of money to be contributed for the three fiscal years of the applicable period is a total of ¥310 million
Maximum number of the Company's shares etc. to be delivered from the Trust to Directors and the method of acquiring the Company's shares	<ul style="list-style-type: none"> The maximum total number of points (number of shares) to be granted to Directors during the entrustment period is 195,000 points (shares), which is an average of 65,000 points (shares) per fiscal year equivalent to roughly 0.3% of total shares issued (as of March 31, 2021, excluding treasury shares). The Company's shares are planned to be acquired from the Company (disposal of treasury shares) or the stock market.

(iii) Details of conditions for achieving performance targets	<ul style="list-style-type: none"> Performance-linked points vary in the range between 0% to 200% depending on the degree of achievement of performance targets for each fiscal year of the applicable period Indicators for evaluating the degree of achievement of performance targets etc. are consolidated net sales, consolidated operating profit, consolidated OPM, ROE, etc.
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(iv) Timing with respect to delivery of the Company's shares to Directors	<ul style="list-style-type: none"> Upon retirement
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(3) Maximum amount of money to be contributed by the Company

The Plan applies to three consecutive fiscal years (initially a period of the three consecutive fiscal years (from the fiscal year ended March 31, 2019 through the fiscal year ended March 31, 2021) and the entrustment period (from November 1, 2018 through August 31, 2021) and if the entrustment period is extended, the applicable period will be the three fiscal years after that (hereinafter the "applicable period")), and the maximum amount of money to be contributed for compensation to Directors for each applicable period is a total of ¥310 million, and a trust with an entrustment period of 3 years (hereinafter the "Trust") shall be established for Directors who satisfy beneficiary requirements as beneficiaries, into which money shall be contributed (including extension of the entrustment period of the Trust in the second paragraph of (3). Same applies below.). The Trust shall acquire the Company's shares from the Company (disposal of treasury shares) or the stock market using the entrusted money as a source of funds in accordance with the

instructions of the trust administrator. During the entrustment period, the Company will award points to Directors (as described in (4) below), and the Trust will deliver the Company's shares when Directors satisfy beneficiary requirements.

After the end of the applicable period covered by the Trust, the Trust may be continued by changing the trust agreement and by making an additional trust instead of establishing a new Trust. In that case, the entrustment period of the Trust will be extended by 3 years, and the 3 fiscal years following the extension shall be the new applicable period. The Company will make additional contributions within a total of ¥310 million for each new applicable period, and it will continue to award points to Directors during the extended entrustment period, and the Trust will continue to deliver the Company's shares etc. during the extended entrustment period. However, in the case of making such additional contributions, if there are the Company's shares remaining in trust assets at the time of the change of the trust agreement (excluding the Company's shares equivalent to points granted to Directors that have not yet been delivered) and money (hereinafter "residual shares etc."), the total amount of the residual shares etc. and trust funds to be additionally contributed shall be within ¥310 million. The extension of the entrustment period is not limited to one time, and the entrustment period of the Trust may be similarly extended thereafter.

At the expiration of the entrustment period of the Trust, if the trust agreement is not changed and an additional trust is not established, and if there are Directors who potentially satisfy beneficiary requirements, thereafter, granting points to Directors will no longer be conducted. However, when said Directors retire, and delivery of the Company's shares to said Directors concludes, or 10 years passes from expiration of the entrustment period, whichever comes first, the entrustment period of the Trust can be extended.

(4) Calculation method and maximum number of the Company's shares etc. to be acquired by Directors

The Company's shares to be delivered to Directors are determined to be 1 share per 1 point according to the cumulative value of points (hereinafter "cumulative number of points") from below fixed points and performance-linked points awarded during his or her term in office. In the event of a stock split or stock consolidation of the Company's shares during the entrustment period, the number of the Company's shares per 1 point shall be adjusted according to the split ratio or consolidation ratio.

<Rules for awarding points>

For the amount of stock-based compensation for Directors each year set according to position etc., 50% is set as fixed points, out of the number obtained by dividing by the 1-month average stock price for the Company's shares in the month of March each year, and 50% is granted as performance-linked points (*4) (*5), by multiplying the value for each fiscal year during the applicable period by the performance-linked coefficient according to the degree of achievement of targets (which shall vary within the range of 0% to 200%), which shall be respectively added cumulatively.

(*4) Performance targets for each fiscal year during the applicable period are consolidated net sales, consolidated operating profit, consolidated OPM, ROE, etc.

(*5) For Directors who retire midway through a fiscal year, the performance-linked coefficient shall be determined based on the degree of achievement of targets for the fiscal year immediately prior.

The total maximum number of points to be granted to Directors during the entrustment period shall be 195,000 points. This maximum number of points was set taking into account the above (3) maximum amount of money to be entrusted with reference to the latest stock price etc.

(5) Timing of delivery of the Company's shares to Directors

A Director who satisfies beneficiary requirements shall receive delivery of the Company's shares etc. after said Director retires (excluding upon death), equivalent to the cumulative number of points calculated based on (4) above. At such time, said Director shall receive delivery of the Company's shares equivalent to 60% of said cumulative number of points (rounded down to the nearest full unit), and the remainder shall be converted into cash within the Trust, and he or she shall receive monetary payment of an amount equivalent to the conversion. However, if said Director does not have a securities account for handling

Japanese stocks, all cumulative points shall be converted into cash within the Trust, and he or she shall receive monetary.

If a Director dies, the number of the Company's shares corresponding to the cumulative number of points calculated at that time shall be converted into cash within the Trust, and the legal heir of said Director shall receive monetary payment of an amount equivalent to the conversion. In addition, if a Director is posted overseas, the Company's shares corresponding to the cumulative number of points calculated at that time shall be converted into cash within the Trust, and said Director shall receive monetary payment of an amount equivalent to the conversion.

Also, if the entrustment period described in the third paragraph of (3) above is extended and the person subject to The Plan is still a Director at the end of the extension period, the Trust will be terminated at that point, and the Company's shares etc. shall be delivered while said Director is in office.

- (6) Exercise of voting rights related to the Company's shares held in the Trust
The voting rights of the Company's shares held in the Trust shall not be exercised during the entrustment period in order to ensure management neutrality.
- (7) Treatment of dividends of the Company's shares held by the Trust
Dividends paid for the Company's shares held in the Trust will be used for trust compensation fees and expenses of the Trust after the Trust receives them.
- (8) Other details of The Plan
Other details regarding The Plan shall be determined by the Board of Directors each time the Trust is established, the trust agreement is changed, and additional contributions are made to the Trust.

(Reference) The Company's Executive Officers (excluding non-residents) are also covered by The Plan.