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Securities code: 6104

May 31, 2024

To our shareholders:

Shigetomo Sakamoto,  
President  
**SHIBAURA MACHINE CO., LTD.**  
2-2 Uchisaiwaicho 2-Chome, Chiyoda-ku, Tokyo

## NOTICE OF THE 101ST ORDINARY GENERAL MEETING OF SHAREHOLDERS

We are pleased to announce the 101st Ordinary General Meeting of Shareholders of SHIBAURA MACHINE CO., LTD. (the “Company”), which will be held as described below.

In convening this General Meeting of Shareholders, the Company has taken measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (items for which measures for providing information in electronic format are to be taken) in electronic format, and has posted the information on each of the following websites. Please access either of the websites to view the information.

The Company’s website:

<https://www.shibaura-machine.co.jp/en/ir/GeneralMeeting.html>

Website for posted informational materials for the general meeting of shareholders:

<https://d.sokai.jp/6104/teiji/> (in Japanese)

TSE website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

(Access the TSE website by using the internet address shown above, enter “SHIBAURA MACHINE” in “Issue name (company name)” or the Company’s securities code “6104” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].”)

**If you are unable to attend the meeting in person, you may exercise your voting rights via the Internet, etc. or in writing (by postal mail). Please exercise your voting rights after reviewing the attached Reference Documents for the General Meeting of Shareholders no later than 5:30 p.m., Friday, June 21, 2024 (Japan Standard Time).**

**1. Date and Time:** Monday, June 24, 2024 at 10:00 a.m. (Reception desk opens at 9:00 a.m.) (Japan Standard Time)

**2. Venue:** BELLESALLE Yaesu, 3F “ROOM1+2+3”  
Yaesu First Financial Building, 3-7 Yaesu 1-Chome, Chuo-ku, Tokyo  
Please note that the same venue as that of the previous meeting is being used as the meeting place but the floor of the venue has changed.

**3. Purposes:**

**Items to be reported:**

1. Business Report and Consolidated Financial Statements for the 101st Term (from April 1, 2023 to March 31, 2024), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee.
2. Non-Consolidated Financial Statements for the 101st Term (from April 1, 2023 to March 31, 2024)

**Items to be resolved:**

- Proposal 1:** Partial Amendments to the Articles of Incorporation
- Proposal 2:** Election of Nine (9) Directors (excluding Directors Who Are Audit and Supervisory Committee Members)
- Proposal 3:** Election of One (1) Substitute Director Who Is an Audit and Supervisory Committee Member
- Proposal 4:** Determination of Remuneration Based on Continuous Service-type Restricted Share-based Remuneration Plan to Directors (excluding Directors Who Are Audit and Supervisory Committee Members and Outside Directors) and Revision of Remuneration Amount
- Proposal 5:** Determination of Remuneration Based on Performance-linked and Restricted Share-based Remuneration Plan to Directors (excluding Directors Who Are Audit and Supervisory Committee Members and Outside Directors) and Revision of Remuneration Amount

**4. Other Matters Decided for the Convocation (Information on the Exercise of Voting Rights)**

- (1) In the case where you choose to exercise your voting rights in writing (by mail), if there is no indication of your vote for or against a proposal on the voting form, it will be treated as a vote “for” the proposal.
- (2) In the event that voting rights are exercised multiple times, the most recent vote shall prevail. In addition, if you have exercised your voting rights both via the Internet, etc. and the completed voting form has arrived on the same day, the vote via the Internet, etc. shall be deemed and handled as your effective exercise of voting rights.

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- ⊙ When attending the meeting, please submit the voting form at the reception desk.
  - ⊙ If any changes are made to the matters subject to electronic provision, such change will be announced on each of the websites shown above on the Internet, together with information before and after the changes.
  - ⊙ All shareholders with voting rights will be sent documents including Reference Documents for the General Meeting of Shareholders.
  - ⊙ Paper-based documents stating matters subject to measures for electronic provision are sent to shareholders who have requested the delivery of paper-based documents, however those documents do not include the following matters in accordance with the provisions of laws and regulations and Articles of Incorporation of the Company. The Audit and Supervisory Committee and the Accounting Auditor have audited the documents subject to audit, including the following matters.
    - (i) Business Report: “System to Ensure Properness of Operation and the Overview of Status of its Implementation”
    - (ii) Consolidated Financial Statements: “Notes to Consolidated Financial Statements”
    - (iii) Non-consolidated Financial Statements: “Notes to Non-consolidated Financial Statements”
  - ⊙ **Please note that gifts will not be provided at this General Meeting of Shareholders. We greatly appreciate your understanding on this matter.**

**Reference Documents for the General Meeting of Shareholders**

**Proposal 1:** Partial Amendments to the Articles of Incorporation

1. Reason for the proposal

The Company proposes to reduce the total number of Directors in order to bring it in line with the current situation, as well as to respond flexibly to changes in the business environment and make prompt and appropriate decisions.

The amendments to the Articles of Incorporation in this proposal will become effective at the conclusion of this Ordinary General Meeting of Shareholders.

2. Details of the amendments

The details of the amendments are as follows:

(The amended parts are indicated by underlined text.)

Current Articles of Incorporation	Proposed amendment
Article 1. to Article 17. (Omitted)	Article 1. to Article 17. (Unchanged)
<u>(Fixed Number and Election of Directors)</u>	<u>(Fixed Number and Election of Directors)</u>
Article 18.	Article 18.
1. The total number of Directors (excluding Directors who are Audit and Supervisory Committee Members) of the Company shall be <u>twelve (12)</u> or fewer, and the total number of Directors who are Audit and Supervisory Committee Members shall be <u>five (5)</u> or fewer. Each Director shall be elected at a General Meeting of Shareholders; provided, however, that Directors who are Audit and Supervisory Committee Members shall be elected by distinguishing them and other Directors.	1. The total number of Directors (excluding Directors who are Audit and Supervisory Committee Members) of the Company shall be <u>ten (10)</u> or fewer, and the total number of Directors who are Audit and Supervisory Committee Members shall be <u>four (4)</u> or fewer. Each Director shall be elected at a General Meeting of Shareholders; provided, however, that Directors who are Audit and Supervisory Committee Members shall be elected by distinguishing them and other Directors.
2. (Omitted)	2. (Unchanged)
3. (Omitted)	3. (Unchanged)
Article 19. to Article 36. (Omitted)	Article 19. to Article 36. (Unchanged)

**Proposal 2:** Election of Nine (9) Directors (excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of all nine Directors (excluding Directors who are Audit and Supervisory Committee Members; the same shall apply hereinafter in this proposal) will expire at the conclusion of this Ordinary General Meeting of Shareholders. Thus, the Company proposes that nine Directors be elected.

In addition, the Audit and Supervisory Committee has judged each candidate to be a reasonable nomination for the position of Director of the Company for this proposal.

The candidates for Director are as follows:

No.	Name	Current position and responsibilities in the Company	Notes	Attendance at the Board of Directors meetings
1	Shigetomo Sakamoto	President and Representative Director, President and Executive Officer, CEO and COO	[Reelection]	17 of 17 (100%)
2	Hiroaki Ota	Director, Executive Operating Officer, and CFO, in charge of Corporate Strategic Planning Division and Corporate Administration Division	[Reelection]	17 of 17 (100%)
3	Jun Koike	Executive Operating Officer, General Manager of Metal & Plastics Industrial Machine Company, Chairman of SHANGHAI SHIBAURA MACHINE CO., LTD.	[New election]	—
4	Yoshiaki Kai	Managing Executive Officer, General Manager of Corporate Strategic Planning Division and General Manager of Corporate Administration Division	[New election]	—
5	Kiyoshi Sato	Outside Director	[Reelection] [Outside] [Independent]	17 of 17 (100%)
6	Seigo Iwasaki	Outside Director	[Reelection] [Outside] [Independent]	17 of 17 (100%)
7	Kazumine Terawaki	Outside Director	[Reelection] [Outside] [Independent]	17 of 17 (100%)
8	Chisa Hayakawa	Outside Director	[Reelection] [Outside] [Independent]	16 of 17 (94%)
9	Eri Itagaki	—	[New election] [Outside] [Independent]	—

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	<p style="text-align: center;">Shigetomo Sakamoto (May 22, 1958)</p> <p style="text-align: center;">[Reelection]</p>	<p>Apr. 1983      Joined the Company</p> <p>Jun. 2006      Corporate Planning Division General Manager of the Company</p> <p>Jun. 2009      Director of the Company</p> <p>Jun. 2010      Tokyo Head Office General Manager of the Company</p> <p>Oct. 2010      Global Corporate Strategy Division General Manager of the Company</p> <p>Jun. 2013      Director and Managing Executive Officer, Component Business Unit General Manager, and Corporate Planning Division General Manager of the Company</p> <p>Jun. 2016      Director, Executive Operating Officer, Compliance Division General Manager, Security and Regulation Control Division General Manager, Corporate Strategic Planning Division General Manager, Sagami Plant General Manager, and RMO of the Company</p> <p>Apr. 2017      Machine Tools Business Unit General Manager and Gotemba Plant General Manager of the Company</p> <p>Jun. 2017      In charge of Corporate Strategic Planning Division and in charge of TQM Promotion Division of the Company</p> <p>Jun. 2019      Vice President and Operating Officer of the Company</p> <p>Feb. 2020      President and Representative Director, President and Executive Officer and Chief Operating Officer of the Company (present position)</p> <p>Apr. 2020      Security and Regulation Control Division General Manager of the Company</p> <p>Jun. 2021      Chief Executive Officer of the Company (present position)</p>	17,747
<p>[Reasons for nomination as candidate for Director] Shigetomo Sakamoto has led the entire Group with his strong leadership since being appointed as President and Representative Director of the Company in February 2020, based on his extensive experience and achievements primarily in the Corporate Strategic Planning Division. We expect him to further enhance corporate value and the management base, and have thus nominated him as a candidate for Director.</p> <p>[Attendance at the Board of Directors meetings (from April 1, 2023 to March 31, 2024)] Attended all of the 17 meetings</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
2	<p style="text-align: center;">Hiroaki Ota (March 7, 1962)</p> <p style="text-align: center;">[Reelection]</p>	<p>Apr. 1984      Joined Mitsui Bank (currently Sumitomo Mitsui Banking Corporation)</p> <p>Apr. 2001      Joined Daiwa Securities SMBC Co. Ltd. (currently Daiwa Securities Co. Ltd.)</p> <p>Feb. 2009      Joined GCA Savvian Corporation (currently Houlihan Lokey, Inc.)</p> <p>Mar. 2014      Audit and Supervisory Board Member of Mezzanine Corporation</p> <p>Aug. 2014      Audit and Supervisory Board Member of GCA FAS Co., Ltd. (currently G-FAS Corporation)</p> <p>Feb. 2015      CFO and Managing Director of GCA Savvian Corporation (currently Houlihan Lokey, Inc.) and Director of GCA Savvian Singapore Private Ltd. (currently Houlihan Lokey Advisers Singapore Private Ltd.)</p> <p>Mar. 2015      Director, CFO and Managing Director of GCA Savvian Corporation (currently Houlihan Lokey, Inc.)</p> <p>Apr. 2017      Managing Director of GCA Corporation (currently Houlihan Lokey, Inc.)</p> <p>Apr. 2020      Executive Operating Officer of GCA Partners Corporation (currently Houlihan Lokey, Inc.)</p> <p>Jun. 2020      Director of the Company</p> <p>Aug. 2020      Director, Executive Operating Officer, and Chief Financial Officer, in charge of Corporate Strategic Planning Division of the Company (present position)</p> <p>Jun. 2022      In charge of Corporate Administration Division of the Company (present position)</p>	6,317
<p>[Reasons for nomination as candidate for Director]</p> <p>Hiroaki Ota is responsible for strengthening the Group management structure as CFO based on his extensive experience and achievements related to finance and corporate management through the execution of business at other companies. We believe that he is qualified to further strengthen the Group management structure, and have high expectations for his management decision-making and oversight. Accordingly, we have nominated him as a candidate for Director.</p> <p>[Attendance at the Board of Directors meetings (from April 1, 2023 to March 31, 2024)]</p> <p>Attended all of the 17 meetings</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
3	Jun Koike (June 19, 1962)  [New election]	<p>Apr. 1985      Joined the Company</p> <p>Jun. 2014      Injection Molding Machine Division General Manager of the Company</p> <p>Jun. 2016      Executive Officer of the Company</p> <p>Jun. 2017      Director and Executive Officer, Metal &amp; Plastics Industrial Machine Business Unit General Manager, Tokyo Head Office General Manager of the Company</p> <p>Jun. 2018      Managing Executive Officer, Industrial Machinery Business Unit General Manager, Sagami Plant General Manager of the Company</p> <p>Jun. 2019      Managing Executive Officer, Industrial Machinery Business Unit General Manager, General Manager of Global Promotion Division, Tokyo Head Office General Manager of the Company</p> <p>Apr. 2020      General Manager of Metal &amp; Plastics Industrial Machine Company, Chairman of SHANGHAI TOSHIBA MACHINE CO., LTD. (currently SHANGHAI SHIBAURA MACHINE CO., LTD.) (present position), General Manager of Global promotion Division, Tokyo Head Office General Manager of the Company</p> <p>Jun. 2023      Executive Operating Officer of the Company (present position)</p>	6,700
<p>[Reasons for nomination as candidate for Director]</p> <p>Jun Koike has been involved with management from the perspective of General Manager of Metal &amp; Plastic Industrial Machine Company, based on his extensive experience and achievements gained through execution of operation in the Metal &amp; Plastics Industrial Machine business in the past. We believe that he is qualified to develop the Group's business, and have high expectations for his management decision-making and oversight. Accordingly, we have nominated him as a candidate for Director.</p>			
4	Yoshiaki Kai (February 20, 1972)  [New election]	<p>Apr. 1997      Joined the Company</p> <p>Apr. 2018      Corporate Planning Department General Manager, Corporate Strategic Planning Division of the Company</p> <p>Jun. 2019      Corporate Strategy Division General Manager, Corporate Strategic Planning Division of the Company</p> <p>Jun. 2020      Executive Officer and Corporate Strategic Planning Division General Manager of the Company (present position)</p> <p>Jun. 2022      General Manager of Corporate Administration Division of the Company (present position)</p> <p>Jun. 2023      Managing Executive Officer of the Company (present position)</p>	700
<p>[Reasons for nomination as candidate for Director]</p> <p>Yoshiaki Kai possesses expert knowledge as a doctor of engineering and plays a central role in the Group's management based on his extensive experience and achievements gained in the Corporate Strategic Planning Division in addition to his experience and achievements in the Group's Research and Development departments. We believe that he is qualified to develop the Group's business, and have high expectations for his management decision-making and oversight. Accordingly, we have nominated him as a candidate for Director.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
5	<p style="text-align: center;">Kiyoshi Sato (April 2, 1956)</p> <p style="text-align: center;">[Reelection] [Candidate for Outside Director] [Candidate for Independent Officer]</p>	<p>Apr. 1979      Joined Tokyo Electron Limited</p> <p>Apr. 2003      Senior Executive, president's office of Tokyo Electron Limited</p> <p>Jun. 2003      President and CEO of Tokyo Electron Limited</p> <p>Apr. 2009      Vice Chairman of the Board of Tokyo Electron Limited</p> <p>Jun. 2011      Director of Tokyo Electron Limited Chairman of Tokyo Electron America, Inc. Chairman of Tokyo Electron Europe, Ltd.</p> <p>Nov. 2013      President of TEL Solar AG</p> <p>Jun. 2016      Audit and Supervisory Board Member of Tokyo Electron Yamanashi Limited</p> <p>Jun. 2017      Outside Director of the Company (present position)</p> <p>Jun. 2019      Outside Director of Mazda Motor Corporation (present position)</p> <p>Jun. 2019      Outside Director of Inabata &amp; Co., Ltd.</p>	0
<p>[Reasons for nomination as candidate for Outside Director and overview of expected roles] Kiyoshi Sato possesses an impressive character and knowledge, and the Company expects that he will provide advice and recommendations to ensure the adequacy and appropriateness of business execution by utilizing his extensive experience and knowledge gained as an officer for other companies, including overseas business. Accordingly, we have nominated him as a candidate for Outside Director.</p> <p>[Regarding Independence] There is no special interest between Mazda Motor Corporation, at which he is engaged in his main concurrent posts, and the Company.</p> <p>[Attendance at the Board of Directors meetings (from April 1, 2023 to March 31, 2024)] Attended all of the 17 meetings</p>			



No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
6	<p style="text-align: center;">Seigo Iwasaki (October 8, 1946)</p> <p style="text-align: center;">[Reelection] [Candidate for Outside Director] [Candidate for Independent Officer]</p>	<p>Mar. 1969      Joined SHIZUOKA GAS Co., Ltd.</p> <p>Jul. 1988      General Planning Group Leader of SHIZUOKA GAS Co., Ltd.</p> <p>Mar. 1996      Director of SHIZUOKA GAS Co., Ltd.</p> <p>Mar. 2000      Managing Director of SHIZUOKA GAS Co., Ltd.</p> <p>Mar. 2001      Senior Managing Director of SHIZUOKA GAS Co., Ltd.</p> <p>Mar. 2006      Representative Director and President of SHIZUOKA GAS Co., Ltd.</p> <p>Jan. 2011      Representative Director and Chairman of SHIZUOKA GAS Co., Ltd.</p> <p>May 2014      Outside Director of STAR MICRONICS CO., LTD. (present position)</p> <p>Jun. 2015      Outside Director of Murakami Corporation (present position)</p> <p>Jan. 2018      Director and Special Adviser of SHIZUOKA GAS Co., Ltd.</p> <p>Jun. 2018      Outside Director of the Company (present position)</p> <p>Mar. 2020      Special Adviser of SHIZUOKA GAS Co., Ltd.</p>	7,400
<p>[Reasons for nomination as candidate for Outside Director and overview of expected roles] Seigo Iwasaki possesses an impressive character and knowledge, and the Company expects that he will provide advice and recommendations to ensure the adequacy and appropriateness of business execution by utilizing his extensive experience and knowledge gained as an officer for other companies. Accordingly, we have nominated him as a candidate for Outside Director.</p> <p>[Regarding Independence] There is no special interest between STAR MICRONICS CO., LTD. and Murakami Corporation at which he is engaged in his main concurrent posts, and the Company.</p> <p>[Attendance at the Board of Directors meetings (from April 1, 2023 to March 31, 2024)] Attended all of the 17 meetings</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
7	<p>Kazumine Terawaki (April 13, 1954)</p> <p>[Reelection] [Candidate for Outside Director] [Candidate for Independent Officer]</p>	<p>Apr. 1980 Prosecutor of Tokyo District Public Prosecutors Office</p> <p>Jan. 2014 Director-General of Public Security Intelligence Agency</p> <p>Jan. 2015 Superintending Prosecutor, Sendai High Prosecutors Office</p> <p>Sep. 2016 Superintending Prosecutor, Osaka High Prosecutors Office</p> <p>Apr. 2017 Retired from his post of Superintending Prosecutor, Osaka High Prosecutors Office</p> <p>Jun. 2017 Lawyer registration (Tokyo Bar Association), Joined Satoshi Suzuki Law Office (currently Shin Bell Law Office) (present position)</p> <p>Feb. 2018 Outside Corporate Auditor of Kewpie Corporation (present position)</p> <p>Jun. 2018 External Audit and Supervisory Board Member of The Shoko Chukin Bank, Ltd. (present position)</p> <p>Jun. 2019 Outside Director of the Company (present position)</p> <p>Jun. 2019 Outside Audit and Supervisory Board Member of Kajima Corporation</p> <p>Jun. 2023 Outside Director of Kajima Corporation (present position)</p>	700
<p>[Reasons for nomination as candidate for Outside Director and overview of expected roles] Kazumine Terawaki possesses an impressive character and knowledge, and the Company expects that he will provide advice and recommendations to ensure the adequacy and appropriateness of business execution by utilizing his extensive experience and knowledge gained as a public prosecutor and lawyer, and as an outside officer for other companies. Accordingly, we have nominated him as a candidate for Outside Director. Although he has never been involved in the management of a company except as an outside officer, the Company judges he can appropriately fulfill his duties as an Outside Director based on the above reasons.</p> <p>[Regarding Independence] There is no special interest between Kewpie Corporation, The Shoko Chukin Bank, Ltd. and Kajima Corporation, at which he is engaged in his main concurrent posts, and the Company.</p> <p>[Attendance at the Board of Directors meetings (from April 1, 2023 to March 31, 2024)] Attended all of the 17 meetings</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
8	<p>Chisa Hayakawa (June 27, 1968)</p> <p>[Reelection] [Candidate for Outside Director] [Candidate for Independent Officer]</p>	<p>Apr. 1991      Joined Sanyo Securities Company Limited Mar. 1998      Joined FANCL CORPORATION Jul. 2009      Joined Calbee, Inc. Apr. 2011      Investor Relations Group Manager of Calbee, Inc. Apr. 2013      Executive Officer and Investor Relations Department General Manager of Calbee, Inc. Apr. 2014      Corporate Planning Department General Manager and Investor Relations Department General Manager of Calbee, Inc. Apr. 2016      East Japan Sales Department Deputy General Manager of Calbee, Inc. Apr. 2017      East Japan Sales Department General Manager of Calbee, Inc. Apr. 2019      Financial &amp; Accounting Department General Manager of Calbee, Inc. Jun. 2020      Outside Director of the Company (present position) Apr. 2021      Financial &amp; Accounting Department General Manager and Investor Relations Department General Manager of Calbee, Inc. Mar. 2022      Outside Director of Milbon Co., Ltd. (present position) Apr. 2022      Managing Executive Officer and CFO of Calbee, Inc. Apr. 2023      Executive Officer and CFO, Asia Oceania Region of Calbee, Inc. (present position)</p>	1,100
<p>[Reasons for nomination as candidate for Outside Director and overview of expected roles] Chisa Hayakawa possesses an impressive character and knowledge, and the Company expects that she will provide advice and recommendations to ensure the adequacy and appropriateness of business execution by utilizing her expertise as a certified tax accountant and a securities analyst and her extensive experience and knowledge gained through wide-ranging business execution. Accordingly, we have nominated her as a candidate for Outside Director.</p> <p>[Regarding Independence] There is no special interest between Calbee, Inc. and Milbon Co., Ltd., at which she is engaged in her main concurrent posts, and the Company.</p> <p>[Attendance at the Board of Directors meetings (from April 1, 2023 to March 31, 2024)] Attended 16 of the 17 meetings</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
9	Eri Itagaki (September 22, 1960)  [New election] [Candidate for Outside Director] [Candidate for Independent Officer]	Apr. 1983      Joined Sumitomo Corporation Feb. 1988      Joined Anderson Group (currently KPMG AZSA LLC) Jan. 1995      Joined Itagaki CPA and Tax Accountant Office Apr. 1996      Deputy Director of Itagaki CPA and Tax Accountant Office Jun. 2020      Outside Audit and Supervisory Board Member of ZENKOKU HOSHO Co., Ltd. (present position) Sep. 2021      Outside Director (Audit and Supervisory Committee Member) of NIITAKA Co., Ltd.	0
<p>[Reasons for nomination as candidate for Outside Director and overview of expected roles] Eri Itagaki possesses an impressive character and knowledge, and the Company expects that she will provide advice and recommendations to ensure the adequacy and appropriateness of business execution by utilizing her expertise in the field of accounting gained through years of experience at a major audit firm and a certified public accountant's office and extensive experience and knowledge gained as an outside officer for other companies. Accordingly, we have nominated her as a candidate for Outside Director. Although she has never been involved in the management of a company except as an outside officer, the Company judges she can appropriately fulfill her duties as an Outside Director based on the above reasons.</p> <p>[Regarding Independence] There is no special interest between ZENKOKU HOSHO Co., Ltd., at which she is engaged in her main concurrent post, and the Company.</p>			

- Notes:
1. There is no special interest between the above candidates for Director and the Company.
  2. Jun Koike served as Director of the Company from June 2017 to June 2019.
  3. Kiyoshi Sato, Seigo Iwasaki, Kazumine Terawaki, Chisa Hayakawa and Eri Itagaki are candidates for Outside Director.
  4. Kiyoshi Sato, Seigo Iwasaki, Kazumine Terawaki and Chisa Hayakawa are currently Outside Directors of the Company, and at the conclusion of this General Meeting of Shareholders, Kiyoshi Sato, Seigo Iwasaki, Kazumine Terawaki and Chisa Hayakawa will have served as Outside Directors for seven years, six years, five years and four years respectively.
  5. In accordance with the Articles of Incorporation of the Company and Article 427, paragraph (1) of the Companies Act, the Company has concluded limited liability agreements referred to in Article 423, paragraph (1) of the Companies Act with Kiyoshi Sato, Seigo Iwasaki, Kazumine Terawaki and Chisa Hayakawa which prescribe that the maximum extent of the liability for damages shall be the amount set forth in laws and regulations. If their reelections are approved, the Company plans to continue these limited liability agreements. In addition, if the election of Eri Itagaki is approved, the Company will also enter into the same limited liability agreement with her.
  6. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. This policy covers losses that may arise from liability incurred by the insured in the course of the performance of duties, or receipt of claims pertaining to the pursuit of such liability. However, there are certain exclusions, such losses not being covered when they arise due to the performance of an illegal act with full knowledge of its illegality. If they are appointed as Director, they will be included as insureds in the policy. Moreover, the Company intends to renew the policy with the same policy details when the next renewal is due.
  7. The Company has designated Kiyoshi Sato, Seigo Iwasaki, Kazumine Terawaki and Chisa Hayakawa as Independent Officers based on the stipulation by the Tokyo Stock Exchange and registered them to the said exchange. If their reelections are approved, the Company plans to continue their registration as the Independent Officers. In addition, Eri Itagaki meets the requirements for Independent Officers based on the regulations of the Tokyo Stock Exchange, and in the event that her election is approved, the Company plans to designate her as an independent officer.

(Reference 1) Knowledge, experience and abilities possessed by Directors after the approval and adoption of Proposal 2

Below is the structure of the Board of Directors if Proposal 2 is approved and ratified by the Board of Directors following this Ordinary General Meeting of Shareholders. The table does not represent all of the knowledge, experience and abilities possessed by Directors.

<Skill Matrix of the Company's Directors>

The Company selects persons with corporate management experience who are well versed in management, lawyers who are well versed in compliance and corporate legal affairs, certified public accountants who are well versed in finance and accounting, and personnel with a high level of expertise, such as experts in IR, for Independent Outside Director, placing emphasis on even more advanced knowledge of finance, the ability to have dialogue with stock markets, etc. in addition to the usual managerial, operational and technological professional capabilities as skills that are particularly necessary for achieving the current medium-term management plan, and strikes a balance between knowledge, experience and ability for the Board of Directors overall for sound and sustainable growth while increasing the competitiveness of its businesses.

Name	Position	Gender	Areas where expertise can be demonstrated and experience									
			Corporate management	Internal control/ Governance	Legal affairs/ Compliance	Finance/ Accounting	M&A/ Alliances	IR/ SR	Manufacturing/ Development	Marketing	International experience	
Shigetomo Sakamoto	President and Representative Director, President and Executive Officer, CEO and COO	Male	●	●			●		●	●	●	●
Hiroaki Ota	Representative Director, Executive Operating Officer and CFO	Male	●	●		●	●		●			●
Jun Koike	Director and Executive Operating Officer	Male	●	●						●		●
Yoshiaki Kai	Director and Managing Executive Officer	Male	●	●			●			●		
Kiyoshi Sato	Outside Director	Male	●	●			●				●	●
Seigo Iwasaki	Outside Director	Male	●	●							●	
Kazumine Terawaki	Outside Director	Male		●	●							
Chisa Hayakawa	Outside Director	Female		●		●			●			
Eri Itagaki	Outside Director	Female		●		●	●					
Hiroshi Takahashi	Director (Full-time Audit and Supervisory Committee Member)	Male		●		●						●
Akifumi Imamura	Outside Director (Audit and Supervisory Committee Member)	Male		●	●							
Shigeo Ogi	Outside Director (Audit and Supervisory Committee Member)	Male		●		●						●

**Proposal 3:** Election of One (1) Substitute Director Who Is an Audit and Supervisory Committee Member

The validity of the election of substitute Director who is an Audit and Supervisory Committee Member Nobuhiro Takeuchi, approved at the 100th Ordinary General Meeting of Shareholders held on June 26, 2023, will be expired at the start of this Ordinary General Meeting of Shareholders. Accordingly, the Company requests approval for the election of one substitute Director who is an Audit and Supervisory Committee Member to be ready to fill a vacant position should the number of Directors who are Audit and Supervisory Committee Members fall below the number required by laws and regulations.

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

The Audit and Supervisory Committee has given its consent to this proposal.

The candidate for substitute Director who is an Audit and Supervisory Committee Member is as follows:

Name (Date of birth)	Career summary (Significant concurrent positions outside the Company)	Number of the Company's shares owned
Atsuko Usami (March 9, 1960)	Apr. 1984      Joined Tokyo Regional Taxation Bureau Sep. 1996      Joined Yamada & Partners Accounting Firm (currently Yamada & Partners) Jul. 2007      National Tax Tribunal Examiner, National Tax Appeal Tribunal Jul. 2011      Yamada & Partners Jan. 2013      Employee of Yamada & Partners (present position) Jan. 2019      Senior Partner of Yamada & Partners Jun. 2021      Outside Director of TOTECH CORPORATION (present position)	0
[Reasons for nomination as candidate for substitute Outside Director who is an Audit and Supervisory Committee Member and overview of expected roles] Atsuko Usami has an impressive character and knowledge, and we expect that she will be able to reflect her extensive experience and knowledge gained as a certified tax accountant and an outside officer for other companies. Accordingly, we have nominated her as a candidate for Outside Director who is a substitute Audit and Supervisory Committee Member. [Regarding Independence] There is no special interest between TOTECH CORPORATION, at which she is engaged in her main concurrent post, and the Company.		

- Notes:
1. There is no special interest between Atsuko Usami and the Company.
  2. Atsuko Usami is a candidate for substitute outside Director who is an Audit and Supervisory Committee Member.
  3. In accordance with the Articles of Incorporation of the Company and Article 427, paragraph (1) of the Companies Act, if Atsuko Usami is appointed as an Outside Director who is an Audit and Supervisory Committee Member, the Company plans to conclude a limited liability agreement referred to in Article 423, paragraph (1) of the Companies Act with her. The maximum extent of the liability for damages under this agreement shall be the amount set forth in laws and regulations.
  4. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. This policy covers losses that may arise from liability incurred by the insured in the course of the performance of duties, or receipt of claims pertaining to the pursuit of such liability. However, there are certain exclusions, such losses not being covered when they arise due to the performance of an illegal act with full knowledge of its illegality. If Atsuko Usami is appointed as an Outside Director who is an Audit and Supervisory Committee Member, she will be included as an insured in the policy. Moreover, the Company intends to renew the policy with the same policy details when the next renewal is due.
  5. In addition, Atsuko Usami meets the requirements for Independent Officers based on the regulations of the Tokyo Stock Exchange, and in the event that she is appointed as Outside Director who is an Audit and Supervisory Committee Member, the Company plans to designate her as an Independent Officer.

**Proposal 4:** Determination of Remuneration Based on Continuous Service-type Restricted Share-based Remuneration Plan to Directors (excluding Directors Who Are Audit and Supervisory Committee Members and Outside Directors) and Revision of Remuneration Amount

1. Overview of the proposal

The Company requests approval to review the benefit level of the “continuous service-type restricted share-based remuneration” (the “Plan”), one of the share-based remuneration plans using two types of shares with transfer and other restrictions for the Company’s Directors (excluding Directors who are Audit and Supervisory Committee Members; the “Eligible Directors”) that was approved at the 97th Ordinary General Meeting of Shareholders held on June 29, 2020, based on changes in the share price since its introduction, as well as to change the maximum amount of the total monetary remuneration claims to be granted to the Eligible Directors under the Plan.

Specifically, the total amounts of remuneration, etc. provided for the purpose of granting restricted shares to the Eligible Directors on the basis of this proposal, which is in the form of monetary remuneration claims, shall be set at an amount not exceeding ¥63 million annually. The Company gained approval at its 97th Ordinary General Meeting of Shareholders held on June 29, 2020, with respect to amounts of remuneration for the Company’s Directors (excluding Directors who are Audit and Supervisory Committee Members), for an amount not exceeding ¥450 million annually (including the amount not exceeding ¥150 million annually for Outside Directors; provided, however, that this does not include the portion of employee salaries paid to the Directors concurrently serving as employees). The Company now seeks approval with respect to changing the remuneration limit of the Plan set for Eligible Directors separately from the aforementioned remuneration framework.

The outline of the content of the Company’s policy for determining the content of remuneration, etc. for each individual Director is as described in Business Report “4. (5) (i) Policy on determination of details of remuneration, etc. for executive officers c. (a)” (in Japanese only) which, if this proposal and Proposal 5 are approved, will be changed as described in (Reference 2). Since the content of this proposal is necessary and reasonable for the payment of remuneration, etc. in accordance with such policy after the change, the Company believes that the content of this proposal is appropriate.

If proposal 2 is approved as originally proposed, the number of Directors eligible for the Plan will be four.

2. Details of the Plan

(1) Overview of the Plan

Under the Plan, the Company shall grant Eligible Directors with monetary remuneration claims for the allocation of restricted shares, and, by having the Eligible Directors make contribution in kind to the Company using all the monetary remuneration claims as contributed assets, shall issue or dispose of its common shares to the Eligible Directors and allow them to hold such shares. The Plan is the “continuous service-type restricted share-based remuneration,” which requires the Eligible Director’s continuous service for a certain period as the Company’s Director in order for the transfer restriction to be lifted. As a general rule, the date on which transfer restriction is lifted and the retirement date of a respective Director are one and the same.

The total number of common shares to be issued or disposed of by the Company under the Plan shall be set at a number not exceeding 19,000 shares annually. However, if a share split of the Company’s common shares (including an allotment without contribution of the Company’s common shares) or share consolidation of the shares on and after the date of resolution by this General Meeting of Shareholders, or in any similar event that would make it necessary to adjust the maximum total number of shares to be allotted, the Company may rationally adjust the maximum total number of shares to be allotted.

The amount to be paid in per share shall be determined by the Board of Directors based on the closing price of the Company’s common share on the Tokyo Stock Exchange on the business day immediately prior to each date of resolution by the Board of Directors concerning the issuance or disposal of the shares (if there is no transaction on such date, the closing price of the closest preceding trading day), which will be within the range not specially advantageous to Eligible Directors.

(2) Continuous service-type restricted share-based remuneration

The issuance or disposal of the common shares under the Plan is carried out, as a general rule, on an annual basis and the number of shares predetermined by the Board of Directors on the basis of an Eligible Director's position are delivered as restricted shares. The amount of monetary remuneration claims granted to the Eligible Directors shall be the amount to be paid per share of such share-based remuneration multiplied by the number of shares to be delivered. For the issuance or disposal of the common shares of the Company, an agreement on allotment of restricted shares that includes the content outlined below (the "Allotment Agreement I"), shall be entered into between the Company and each Eligible Director.

- (i) An Eligible Director shall not transfer, create a security interest in, or otherwise dispose of the common shares of the Company allotted under the Allotment Agreement I (the "Allotted Shares I") for the period from the payment date of the Allotted Shares I until the time that the Eligible Director retires from the position predetermined by the Board of Directors of the Company (the "Restriction Period" in this proposal).
- (ii) In the event that the Eligible Director retires from the position, which is specified in (i) above, before the expiration of the scheduled period for service specified by the Board of Directors during the Restriction Period (the "Service Provision Period"), the Company shall acquire, by rights, the Allotted Shares I without contribution, unless there is a reason that the Board of Directors deems justifiable. The Company shall also acquire the Allotted Shares I for no consideration in any other cases where the Board of Directors of the Company decides that it is appropriate for the Company to acquire all or a portion of the Allotted Shares I for no consideration.
- (iii) The Company shall lift the Restriction of all of the Allotted Shares I upon expiration of the Restriction Period, on the condition that the Eligible Director has remained in the position, which is specified in (i) above, throughout the Service Provision Period. However, if the Eligible Director retires from the position as provided in (i) above before the expiration of the Service Provision Period due to the reason the Board of Directors of the Company deems justifiable, which is specified in (ii) above, the Company shall rationally adjust the number of the Allotted Shares I on which the Restriction is to be lifted, and the timing of lifting the Restriction as needed.
- (iv) The Company shall acquire, by rights, without contribution the Allotted Shares I on which the Restriction has not been lifted at the expiration of the Restriction Period in accordance with the provision of (iii) above.
- (v) Notwithstanding the provision of (i) above, if, during the Restriction Period, a matter relating to "Reorganization" (as defined below) is approved by a General Meeting of Shareholders of the Company (or the Company's Board of Directors in cases where approval by a General Meeting of Shareholders is not required with respect to said Reorganization), the Company shall, prior to the effective date of said Reorganization, lift the Restriction on a number of the Allotted Shares I as rationally determined by resolution of the Company's Board of Directors and taking into account the period from the commencement date of the Service Provision Period until the date of approval for said Reorganization. Such "Reorganization" shall collectively refer to the following matters: a merger agreement whereby the Company is a disappearing entity; a share exchange agreement, a share transfer plan or other type of reorganization whereby the Company becomes a wholly owned subsidiary of another company.
- (vi) In cases provided for in (v) above, the Company shall acquire, by rights, without contribution the Allotted Shares I on which the Restriction has not been lifted as of the time immediately after the Restriction was lifted in accordance with the provisions in (v) above.
- (vii) Other matters regarding Allotment Agreement I shall be determined by the Board of Directors of the Company.



**Proposal 5:** Determination of Remuneration Based on Performance-linked and Restricted Share-based Remuneration Plan to Directors (excluding Directors Who Are Audit and Supervisory Committee Members and Outside Directors) and Revision of Remuneration Amount

1. Overview of the proposal

The Company requests approval to change the performance evaluation period under the “performance-linked and restricted share-based remuneration” (the “Plan”), one of the share-based remuneration plans using two types of shares with transfer and other restrictions for the Company’s Directors (excluding Directors who are Audit and Supervisory Committee Members; the “Eligible Directors”) that was approved at the 97th Ordinary General Meeting of Shareholders held on June 29, 2020, from the period of the medium-term management plan to each fiscal year, as well as to review the benefit level based on changes in the share price since its introduction. The Company also requests approval to change the maximum amount of the total monetary remuneration claims to be granted to the Eligible Directors under the Plan and the maximum total number of shares of common stock to be issued or disposed of by the Company to the Eligible Directors.

Specifically, the total amounts of remuneration, etc. provided for the purpose of granting restricted shares to the Eligible Directors on the basis of this proposal, which is in the form of monetary remuneration claims, shall be set at an amount not exceeding ¥126 million annually. The total number of common shares to be issued or disposed of by the Company to the Eligible Directors under the Plan shall be set at a number not exceeding 22,000 shares annually. The Company gained approval at its 97th Ordinary General Meeting of Shareholders held on June 29, 2020, with respect to amounts of remuneration for the Company’s Directors (excluding Directors who are Audit and Supervisory Committee Members), for an amount not exceeding ¥450 million annually (including the amount not exceeding ¥150 million annually for Outside Directors; provided, however, that this does not include the portion of employee salaries paid to the Directors concurrently serving as employees). The Company now seeks approval with respect to changing the remuneration limit of the Plan set for Eligible Directors separately from the aforementioned remuneration framework.

The outline of the content of the Company’s policy for determining the content of remuneration, etc. for each individual Director is as described in Business Report “4. (5) (i) Policy on determination of details of remuneration, etc. for executive officers a. (a)” (in Japanese only) which, if this proposal and Proposal 4 are approved, will be changed as described in (Reference 2). Since the content of this proposal is necessary and reasonable for the payment of remuneration, etc. in accordance with such policy after the change, the Company believes that the content of this proposal is appropriate.

If proposal 2 is approved as originally proposed, the number of Directors eligible for the Plan will be four.

2. Details of the Plan

(1) Overview of the Plan

Under the Plan, the Company shall grant Eligible Directors with monetary remuneration claims for the allocation of restricted shares, and, by having the Eligible Directors make contribution in kind to the Company using all the monetary remuneration claims as contributed assets, shall issue or dispose of its common shares to the Eligible Directors and allow them to hold such shares. The Plan is the “performance-linked and restricted share-based remuneration,” in which the number of restricted shares to be granted varies in accordance with the achievement level of the performance targets established in advance by the Board of Directors. As a general rule, the date on which transfer restriction is lifted and the retirement date of a respective Director are one and the same.

The total number of common shares to be issued or disposed of by the Company under the Plan shall be set at a number not exceeding 22,000 shares annually. However, if a share split of the Company’s common shares (including an allotment without contribution of the Company’s common shares) or share consolidation of the shares on and after the date of resolution by this General Meeting of Shareholders, or in any similar event that would make it necessary to adjust the maximum total number of shares to be allotted, the Company may rationally adjust the maximum total number of shares to be allotted.

The amount to be paid in per share shall be determined by the Board of Directors based on the closing price of the Company’s common share on the Tokyo Stock Exchange on the business day immediately prior to each date of resolution by the Board of Directors concerning the issuance or disposal of the shares (if there is no transaction on such date, the closing price of the closest preceding trading day), which will be within the range not specially advantageous to Eligible Directors.

(2) Allotment of restricted shares

The issuance or disposal of the common shares under the Plan is carried out, as a general rule, after the end of each fiscal year that forms the target period for performance evaluation, and the number of shares

predetermined by the Board of Directors on the basis of an Eligible Director's position are multiplied by the level of achievement of the performance benchmarks predetermined by the Board of Directors as of the end of the fiscal year (the "Performance-based Payout Ratio")(\*) and delivered as restricted shares. The amount of monetary remuneration claims granted to the Eligible Directors shall be the amount to be paid per share of such share-based remuneration multiplied by the number of shares to be delivered.

Moreover, the Company may rationally adjust the number of shares to be delivered in accordance with the period of service of an Eligible Director during the fiscal year.

(\*) The Performance-based Payout Ratio is to be determined by the Board of Directors, but it is planned to be calculated by the following formula for the initial fiscal year (from April 1, 2024 to March 31, 2025).

$$\begin{aligned} \text{Performance-based Payout Ratio} = & \text{payment ratio based on consolidated operating profit ratio} \times 60\% \\ & + \text{payment ratio based on consolidated ROE (return on equity)} \times \\ & 20\% + \text{payment ratio based on consolidated ROIC (return on} \\ & \text{invested capital)} \times 20\% \end{aligned}$$

- The Performance-based Payout Ratio varies across a range of 0% to 200% according to results achieved with respect to the consolidated operating profit ratio, consolidated ROE and consolidated ROIC during the Performance Evaluation Period.
- The Performance-based Payout Ratio is planned to be reviewed each time when the new medium-term management plan is formulated.

For the issuance or disposal of the common shares of the Company, an agreement on allotment of performance-linked and restricted shares that includes provisions, as outlined below (the "Allotment Agreement II") shall be entered into between the Company and Eligible Directors.

- (i) An Eligible Director shall be subject to transfer restrictions for the common shares of the Company allotted under the Allotment Agreement II (the "Allotted Shares II") for the period from the payment date of the Allotted Shares II until the time that the Eligible Director retires from the position predetermined by the Board of Directors of the Company (the "Restriction Period" in this proposal).
- (ii) The Company shall acquire the Allotted Shares II for no consideration in any other cases where the Board of Directors of the Company decides that it is appropriate for the Company to acquire all or a portion of the Allotted Shares II for no consideration.
- (iii) The transfer restrictions for all of the Allotted Shares II shall be cancelled only in the event that the relevant Director resigns from the position stipulated in (i) above due to the expiration of their term of office, death, or other reasons deemed justifiable by the Board of Directors of the Company.
- (iv) The Company shall acquire, by rights, without contribution the Allotted Shares II on which the Restriction has not been lifted at the expiration of the Restriction Period in accordance with the provision of (iii) above.
- (v) Notwithstanding the provisions of (i) above, if, during the Restriction Period, approval has been granted for matters relating to a Reorganization by a General Meeting of Shareholders of the Company (or the Company's Board of Directors in cases where approval by a General Meeting of Shareholders is not required with respect to said Reorganization), the Company shall, by a resolution of the Board of Directors of the Company, cancel the transfer restrictions with respect to the Allotted Shares II prior to the effective date of the Reorganization in question.
- (vi) Other matters regarding Allotment Agreement II shall be determined by the Board of Directors of the Company.

The Company shall deliver common shares not subject to the Restriction of a number calculated using the same formula as that aforementioned if an Eligible Director retires from his or her position, which is specified in (i) above, due to expiration of his or her term of office on or before the date of the first Ordinary General Meeting of Shareholders held after the end of each fiscal year, or on other legitimate grounds. Furthermore, in the case of an Eligible Director's retirement through death on or before the date of the first Ordinary General Meeting of Shareholders held after the end of each fiscal year, an amount of money equivalent to the monetary remuneration claims that were planned to be paid for the granting of restricted shares shall be paid to the inheritors.

The Company will not deliver shares if an Eligible Director retires from his or her position, which is specified in (i) above, before the end of each fiscal year, or has been involved in certain types of misconduct.

In addition, the Company shall not deliver shares if, before the end of each fiscal year, approval has been granted for matters relating to a Reorganization by a General Meeting of Shareholders of the Company (or the Company's Board of Directors in cases where approval by a General Meeting of Shareholders is not required with respect to said Reorganization; however, this shall apply only if the effective date of said Reorganization is scheduled prior to the date of share delivery under the Plan).

(Reference 2) Policy on determining the details of individual remuneration, etc. of Directors (excluding Directors who are Audit and Supervisory Committee Members) after the approval and adoption of Proposal 4 and Proposal 5

1. Policy on determining the amount of remuneration, etc. (excluding remuneration, etc. set forth in 2 and 3 below) for each individual Director (excluding Directors who are Audit and Supervisory Committee Members; the same shall apply hereinafter) and method of calculation of such remuneration, etc. (including policy on determining the timing and conditions of granting remuneration, etc.)  
The Company's remuneration, etc. for Directors shall be a monthly remuneration based on their position in the Company, and the level of such remuneration, etc. shall be appropriate to their management abilities and responsibilities, taking into consideration the standard level in the machinery industry, including metal & plastics industrial machines and machine tools, and consistency with the treatment of employees, and other factors.
2. Policy on determining the details of performance benchmarks for performance-linked remuneration, etc., or method for calculating the amount or number of performance-linked remuneration, etc., for each individual Director (including policy on determining the timing and conditions of granting remuneration, etc.)

(1) Monetary remuneration (bonus in cash)

As monetary remuneration (bonus in cash) for internal Directors, performance-linked remuneration to improve the Company's performance shall be paid at a designated time each fiscal year. Such monetary remuneration shall be calculated based on quantitative performance and qualitative evaluation. The quantitative performance benchmarks shall be the consolidated operating profit ratio, consolidated return on equity (ROE) and consolidated return on invested capital (ROIC) which are benchmarks of sustained improvement in corporate value. The level of performance-linked remuneration shall be determined as an appropriate level commensurate with management ability and responsibility, taking into consideration the standard level in the machinery industry, including metal & plastics industrial machines and machine tools, and consistency with the treatment of employees, and shall be specifically calculated using the following formula.

Amount of bonus in cash = Position-specific base remuneration x annual Performance-based Payout Ratio

Annual Performance-based Payout Ratio = payout ratio based on consolidated operating profit ratio for the relevant fiscal year x 60% + payout ratio based on consolidated ROE (return on equity) for the relevant fiscal year x 20% + payment ratio based on consolidated ROIC (return on invested capital) x 20%

(2) Performance-linked and restricted share-based remuneration

As share-based remuneration for internal Directors, performance-linked and restricted share-based remuneration to improve the Company's business performance shall, as a general rule, be paid after the end of each fiscal year. The number of shares of such share-based remuneration shall be determined for each fiscal year as the performance evaluation period, and the number of shares to be granted shall be the number of shares determined on the basis of an Eligible Director's position (the "Base Number of Shares by Position") multiplied by the level of achievement of the performance benchmarks predetermined by the Board of Directors as of the end of the fiscal year (Performance-based Payout Ratio).

The Performance-based Payout Ratio for such share-based remuneration shall be determined by the Board of Directors, but for the initial fiscal year (from April 1, 2024 to March 31, 2025), it shall be calculated based on the following formula.

Performance-based Payout Ratio = payment ratio based on consolidated operating profit ratio x 60% + payment ratio based on consolidated ROE (return on equity) x 20% + payment ratio based on consolidated ROIC (return on invested capital) x 20%

The delivery of such share-based remuneration shall be made by granting monetary remuneration claims to the Eligible Directors by resolution of the Board of Directors and by having the Eligible Directors make contribution in kind to the Company using all the monetary remuneration claims as contributed assets.

The Base Number of Shares by Position of the Eligible Director shall be fixed during the period of the medium-term management plan and shall be the number obtained by dividing the target amount for each position of the Eligible Directors by the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by the Board of Directors concerning the issuance or disposal of the shares for the share-based remuneration of the initial fiscal year of the medium-term management plan (or the closing price of the immediately preceding trading day if no trading was effected on that date). The amount of monetary remuneration claims to be granted to Eligible Directors shall be the issue price per share of such share-based remuneration multiplied by the number of shares to be granted. The issue price per share of such share-based remuneration shall be determined by the Board of Directors based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of each Board of Directors resolution (or the closing price of the immediately preceding trading day if no trading was effected on that date), to the extent not particularly favorable to the Eligible Directors. As a general rule, the date on which transfer restriction is lifted and the retirement date of a respective Director are one and the same.

3. Policy on determining the details of non-monetary remuneration, etc., the amount or number of such non-monetary remuneration, etc., and method of calculation of such remuneration, etc., for each individual Director (including policy on determining the timing and conditions of granting remuneration, etc.)
  - (1) Performance-linked and restricted share-based remuneration  
Same as 2 (2) above.
  - (2) Continuous service-type restricted share-based remuneration  
As share-based remuneration for internal Directors, continuous service-type restricted share-based remuneration shall, as a general rule, be paid every year on the condition that they continue to serve as Directors of the Company for a certain period of time in order to cancel the transfer restrictions. The delivery of such share-based remuneration shall be made by granting monetary remuneration claims to the Eligible Directors by resolution of the Board of Directors and by having the Eligible Directors make contribution in kind to the Company using all the monetary remuneration claims as contributed assets. The Number of Shares to be Granted by Position of the Eligible Director shall be fixed during the period of the medium-term management plan and shall be the number obtained by dividing the target amount for each position of the Eligible Directors by the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by the Board of Directors concerning the issuance or disposal of the shares for the share-based remuneration of the initial fiscal year of the medium-term management plan (or the closing price of the immediately preceding trading day if no trading was effected on that date). The amount of monetary remuneration claims to be granted to Eligible Directors shall be the issue price per share of such share-based remuneration multiplied by the number of shares to be granted. The issue price per share of such share-based remuneration shall be determined by the Board of Directors based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of each Board of Directors resolution (or the closing price of the immediately preceding trading day if no trading was effected on that date), to the extent not particularly favorable to the Eligible Directors.  
As a general rule, the date on which transfer restriction is lifted and the retirement date of a respective Director are one and the same.
4. Policy on determining the ratio of the amount of each remuneration, etc. to the amount of remuneration, etc. for each individual Director  
The ratio to the amount of remuneration, etc. for each individual internal Director in the remuneration plan for Directors is assumed to be monthly fixed remuneration (base remuneration) : continuous service-type restricted share-based remuneration : performance-linked remuneration (bonus of cash) : performance-linked and restricted share-based remuneration = 55% : 10% : 25% : 10% (Outside Directors shall receive only base remuneration). This is based on the basic policy of combining, in appropriate proportions, monthly remuneration as fixed remuneration (base remuneration) and variable remuneration as (i) share-based remuneration conditional on continuous service, (ii) bonus as cash linked to short-term performance, and (iii) share-based remuneration linked to medium- to long-term performance, to function as a sound incentive.

5. Matters concerning the delegation of authority for determining the details of individual remuneration, etc. of Directors
  - (1) Monetary remuneration (monthly remuneration and bonus in cash)

The Chairman of the Board of Directors (or the President and Representative Director if no Chairman is appointed) shall be delegated, based on a resolution of the Board of Directors, the authority to determine the specific details of individual remuneration, including the amount of monthly remuneration for each Director and the allocation of bonuses to internal Directors based on the performance and other factors of the business for which they are responsible. The Board of Directors shall receive the report of the Remuneration Advisory Committee to ensure that such authority is properly exercised by the Chairman of the Board of Directors.
  - (2) Share-based remuneration (continuous service-type restricted share-based remuneration and performance-linked and restricted share-based remuneration)

The Chairman of the Board of Directors (or the President and Representative Director if no Chairman is appointed) shall be delegated, based on a resolution of the Board of Directors, the authority to determine the specific details of individual remuneration, and such authority shall include the target amount for each position, the Base Number of Shares by Position, the number of shares to be granted, and the allocation of the amount of monetary remuneration claims as assets contributed in kind for the restricted share-based remuneration of each Eligible Director. The Board of Directors shall receive the report of the Remuneration Advisory Committee to ensure that such authority is properly exercised by the Chairman of the Board of Directors.
6. Other important matters concerning the determination of the details of remuneration, etc. for each individual Director

A portion of each Director's executive remuneration may not be paid in the event that the Company's business performance deteriorates or a Director causes misconduct.