

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

(Securities Code: 7466)

May 31, 2024

To our shareholders:

Kyoichiro Oki,
President
SPK Corporation
6-28 Fukushima 5-chome, Fukushima-
ku, Osaka

Notice of the 153rd Annual Meeting of Shareholders

Please take notice that the 153rd Annual Meeting of Shareholders of SPK Corporation (the “Company”) will be held as indicated below.

When convening this Annual Meeting of Shareholders, the Company takes measures for providing information that constitutes the content of Reference Documents for the Annual Meeting of Shareholders, etc. (items for which measures for providing information in electronic format are to be taken) in electronic format, and posts this information on the websites shown below. Please access either of these websites to review the information.

The Company’s website:

<https://www.spk.co.jp/irinfo/stocks/resolution/> (in Japanese)

TSE website (Listed Company Search):

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

* Enter the Company name “SPK” or securities code “7466,” and click “Search.” Click “Basic information” and select “Documents for public inspection/PR information,” then “Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting.”

Regarding the exercise of voting rights in the event that you will not attend the meeting on the day, please review the Reference Documents for the Annual Meeting of Shareholders and exercise your voting rights via the Internet, etc. or in writing, by Monday, June 24, 2024, at 5:00 p.m. (JST).

- 1. Date and Time:** Tuesday, June 25, 2024, at 10:00 a.m. (JST)
- 2. Venue:** “The Terrace Room,” 4F, The Ritz-Carlton Osaka
5-25 Umeda 2-chome, Kita-ku, Osaka

3. Purpose of the Meeting:

Matters to be reported:

1. The Business Report and the Consolidated Financial Statements for the 153rd fiscal year (from April 1, 2023 to March 31, 2024), and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Audit and Supervisory Committee
2. The Non-consolidated Financial Statements for the 153rd fiscal year (from April 1, 2023 to March 31, 2024)

Matter to be resolved:

- Proposal No. 1:** Election of Five Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- Proposal No. 2:** Election of Three Directors Who Are Audit and Supervisory Committee Members
- Proposal No. 3:** Election of One Substitute Director Who Is an Audit and Supervisory Committee Member

Proposal No. 4: Determination of Remuneration Limit for Restricted Share-Based Remuneration Plan for Directors (Excluding Outside Directors and Directors Who Are Audit and Supervisory Committee Members)

4. Matters Relating to the Convocation (Information on Exercise of Voting Rights):

1. If neither approval nor disapproval of each proposal is indicated on the voting form in case you exercise your voting rights in writing (by post), the Company will deem that you indicated your approval of the proposal.
2. If you exercise your voting rights both via the Internet, etc. and in writing (by post), the one exercised via the Internet, etc. will be recorded as the effective vote.
3. If you exercise your voting rights via the Internet, etc. multiple times, the vote exercised last will be recorded as the effective vote.

- When you attend the meeting, you are kindly requested to present the enclosed voting form at the reception.
- If revisions to the items subject to measures for electronic provision arise, a notice of the revisions and the details of the items before and after the revisions will be posted on the aforementioned Company's website and the TSE website.
- For this Annual Meeting of Shareholders, we have delivered paper-based documents stating the items subject to measures for electronic provision to all shareholders, regardless of whether or not they have requested them. However, among the items subject to measures for electronic provision, in accordance with the provisions of laws and regulations and Article 14 of the Articles of Incorporation of the Company, the following items are not provided in the paper-based documents delivered to shareholders.
 - (i) "Notes to the Consolidated Financial Statements" in the Consolidated Financial Statements
 - (ii) "Notes to the Non-consolidated Financial Statements" in the Non-consolidated Financial StatementsAccordingly, the Consolidated Financial Statements and the Non-consolidated Financial Statements are part of the documents included in the scope of audits by the Financial Auditor in preparing the financial audit report and the Audit and Supervisory Committee in preparing the audit report.

Reference Documents for the Annual Meeting of Shareholders

Proposals and Reference

Proposal No. 1: Election of Five Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of all six Directors (excluding Directors who are Audit and Supervisory Committee Members; the same applies hereinafter with respect to this proposal) will expire at the conclusion of this meeting.

Therefore, the Company proposes the election of five Directors.

In addition, as for this proposal, the Audit and Supervisory Committee of the Company has judged that all the candidates for Director are qualified.

The candidates for Director are as follows:

Candidate No.	Name	Positions and responsibilities in the Company	
1	Kyoichiro Oki	President	Reelection Inside
2	Shuji Fujii	Vice President, Corporate General Administration	Reelection Inside
3	Akira Kimura	Senior Managing Director, Overseas Business Management	Reelection Inside
4	Koji Ueda	Director, in charge of the Operating Company	Reelection Inside
5	Koji Nishijima	Outside Director	Reelection Outside Independent

Reelection

Candidate for Director to be reelected

Inside

Candidate for inside Director

Outside

Candidate for outside Director

Independent

Candidate for independent officer as defined by Tokyo Stock Exchange

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1 Reelection Inside Director	Kyoichiro Oki (September 22, 1959)	Apr. 1982 Joined ITOCHU Corporation	46,467
		May 2002 Joined the Company General Manager of Sales Strategy Office, Domestic Sales Division	
Apr. 2007 Deputy General Manager of Domestic Sales Division			
June 2009 Director			
Apr. 2011 General Manager of Overseas Business Division			
Apr. 2015 Managing Director			
Apr. 2018 President (current position)			
[Reasons for nomination as candidate for Director] The Company has judged that Kyoichiro Oki is qualified to assist in the pursuit of further sustainable increases to the Group's corporate value by utilizing his extensive experience, achievements, and insight as a manager, because, since 2007, he has served as Deputy General Manager of Domestic Sales Division, General Manager of Overseas Business Division, and then he assumed President of the Company in April 2018 and because he has extensive experience, achievements, and insight related to the Company's domestic sales and overseas businesses. Accordingly, the Company has nominated him as a candidate for Director.			
2 Reelection Inside Director	Shuji Fujii (April 16, 1956)	Apr. 1980 Joined The Kyowa Bank, Ltd. (currently Resona Bank, Limited)	30,742
		Apr. 2008 Executive Managing Officer of Resona Bank, Limited	
Apr. 2012 Director and Vice President of Resona Kessai Service Co., Ltd.			
Sept. 2013 Joined the Company General Manager of Corporate Planning Office			
Apr. 2014 General Manager of Administration Division			
June 2014 Director			
Apr. 2015 Managing Director			
Apr. 2018 Senior Managing Director			
June 2023 Vice President (current position)			
Apr. 2024 Corporate General Administration (current position)			
[Reasons for nomination as candidate for Director] The Company has judged that Shuji Fujii is qualified to strengthen the Group's corporate governance because he has extensive experience at financial institutions and insight related to corporate management, and has served as General Manager of Corporate Planning Office and General Manager of Administration Division of the Company since 2013, and then he assumed Vice President in June 2023 and currently manages corporate general administration. Accordingly, the Company has nominated him as a candidate for Director.			

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
3 Reelection Inside Director	Akira Kimura (February 25, 1962)	<p>Apr. 1985 Joined Nichimen Corporation (currently Sojitz Corporation)</p> <p>Nov. 2002 Joined Toyota Tsusho Corporation</p> <p>Apr. 2014 President of Toyota Adria D.O.O.</p> <p>Apr. 2017 Joined the Company Manager of Business Development Department, Overseas Business Division</p> <p>Oct. 2017 Deputy General Manager of Overseas Business Division</p> <p>Apr. 2018 Executive Officer</p> <p>Apr. 2020 General Manager of Overseas Business Division</p> <p>June 2020 Director</p> <p>June 2022 Managing Director</p> <p>June 2023 Senior Managing Director (current position)</p> <p>Apr. 2024 Overseas Business Management (current position)</p>	12,961
<p>[Reasons for nomination as candidate for Director]</p> <p>The Company has judged that Akira Kimura is qualified to assist in the pursuit of further sustainable increases to the Group's corporate value because he has served as Manager of Business Development Department, Overseas Business Division and General Manager of Overseas Business Division since he joined the Company in 2017, and currently manages overseas business and because he has extensive experience, achievements, and insight related to overseas business of trading companies. Accordingly, the Company has nominated him as a candidate for Director.</p>			
4 Reelection Inside Director	Koji Ueda (August 21, 1963)	<p>Apr. 1986 Joined the Company</p> <p>Apr. 2008 Manager of Osaka Foreign Car Center</p> <p>May 2013 Manager of Nagoya Sales Office, Domestic Sales Division</p> <p>Apr. 2019 Executive Officer Manager of Foreign Car Components Center, Domestic Sales Division</p> <p>Apr. 2020 Manager of Global Aftermarket Center</p> <p>Apr. 2021 Deputy General Manager of Domestic Sales Division</p> <p>June 2022 Director, in charge of the Operating Company (current position)</p>	13,497
<p>[Reasons for nomination as candidate for Director]</p> <p>The Company has judged that Koji Ueda is qualified to assist in the pursuit of further sustainable increases to the Group's corporate value because he has served as Manager of Osaka Foreign Car Components Center, Manager of Nagoya Sales Office, Domestic Sales Division, Manager of Global Aftermarket Center, and then Deputy General Manager of the Domestic Sales Division of the Company since 2008 and because he has extensive experience, achievements, and insight related to the Company's domestic sales business. Accordingly, the Company has nominated him as a candidate for Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
5	Koji Nishijima (May 15, 1949)	<p>Apr. 1973 Joined The Kyowa Bank, Ltd. (currently Resona Bank, Limited)</p> <p>Oct. 2003 Director, Vice President and Representative Executive Officer of Resona Bank, Limited</p> <p>June 2006 President and Representative Director of Dia Kensetsu Co., Ltd. (currently Daiwa Jisyo Co., Ltd.)</p> <p>June 2013 Outside Audit & Supervisory Board Member of SODA NIKKA CO., LTD.</p> <p>June 2015 Director of the Company (current position)</p> <p>June 2015 Outside Director of SODA NIKKA CO., LTD.</p> <p>June 2019 Resigned as Outside Director of SODA NIKKA CO., LTD.</p>	2,000
Reelection Outside Director Independent	<p>[Reasons for nomination as candidate for outside Director and outline of expected roles]</p> <p>The Company has judged that Koji Nishijima is qualified to improve the functions of the Company's Board of Directors by supervising the execution of duties undertaken by Directors, etc. from an independent standpoint because he has extensive experience at financial institutions and insight related to corporate management. Accordingly, the Company has nominated him as a candidate for outside Director. If he is elected, the Company expects him to be involved as a member of the Nominating and Remuneration Advisory Committee from an objective and neutral standpoint in the selection of candidates for the Company's Board of Directors and the determination of remuneration, etc. for Directors.</p>		

- Notes:
1. There is no special interest between any of the candidates for Director and the Company.
 2. Koji Nishijima is a candidate for outside Director.
 3. At the conclusion of this meeting, Koji Nishijima's tenure as outside Director will have been nine years.
 4. The Company has entered into an agreement with Koji Nishijima to limit his liability for damages as per Article 423, Paragraph 1 of the Companies Act in accordance with Article 427, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under this agreement is the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act. If the reelection of Mr. Nishijima is approved, the Company plans to renew this agreement with him.
 5. 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. The insurance policy covers the legally mandated amount of indemnification and litigation expenses incurred from claims for damages against the insureds during the coverage period arising from acts carried out by the insureds, including the Company's Directors, based on their position. If each candidate is elected and assumes office as Director, each of them will be an insured in the insurance policy. In addition, when the insurance policy is renewed, the Company plans to renew the policy with the same terms.
 6. The Company has submitted notification to the Tokyo Stock Exchange that Koji Nishijima has been designated as an independent officer as provided for by the aforementioned exchange. If the reelection of Mr. Nishijima is approved, the Company plans for his appointment as an independent officer to continue.

Proposal No. 2: Election of Three Directors Who Are Audit and Supervisory Committee Members

The terms of office of all three Directors who are Audit and Supervisory Committee Members will expire at the conclusion of this meeting.

Therefore, the Company proposes the election of three Directors who are Audit and Supervisory Committee Members.

In addition, the consent of the Audit and Supervisory Committee has been obtained for this proposal.

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

Candidate No.	Name	Positions and responsibilities in the Company				
1	Toshio Shimizu	Director (Full-Time Audit and Supervisory Committee Member)	<table border="1"><tr><td>Reelection</td></tr><tr><td>Inside</td></tr></table>	Reelection	Inside	
Reelection						
Inside						
2	Yusaku Akasaki	Outside Director (Audit and Supervisory Committee Member)	<table border="1"><tr><td>Reelection</td></tr><tr><td>Outside</td></tr><tr><td>Independent</td></tr></table>	Reelection	Outside	Independent
Reelection						
Outside						
Independent						
3	Tomoe Fujiwara	Outside Director (Audit and Supervisory Committee Member)	<table border="1"><tr><td>Reelection</td></tr><tr><td>Outside</td></tr><tr><td>Independent</td></tr></table>	Reelection	Outside	Independent
Reelection						
Outside						
Independent						

Reelection

Candidate for Director to be reelected

Inside

Candidate for inside Director

Outside

Candidate for outside Director

Independent

Candidate for independent officer as defined by Tokyo Stock Exchange

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	Toshio Shimizu (February 6, 1955)	<p>Mar. 1977 Joined the Company</p> <p>Apr. 1999 Manager of Internal Audit Office</p> <p>Apr. 2014 Manager of Shipping & Administration Department, Overseas Business Division</p> <p>June 2015 Full-Time Auditor</p> <p>June 2020 Director (Full-Time Audit and Supervisory Committee Member) (current position)</p>	2,773
Inside Director	<p>[Reasons for nomination as candidate for Director who is an Audit and Supervisory Committee Member]</p> <p>The Company has judged that Toshio Shimizu is qualified to appropriately fulfill his duties as a Director who is an Audit and Supervisory Committee Member because he has served for many years for the Company as Manager of Internal Audit Office, as Manager of Shipping & Administration Department, Overseas Business Division, and as Auditor and because he has knowledge and experience required for the sound and appropriate operation of the Company. Accordingly, the Company has nominated him as a candidate for Director who is an Audit and Supervisory Committee Member.</p>		
2	Yusaku Akasaki (January 20, 1983)	<p>Dec. 2008 Completed the requisite courses at the Supreme Court's Legal Research and Training Institute Registered with Osaka Bar Association Joined Professional Corporation, Chuo Sogo Law Office</p> <p>June 2018 Registered as an attorney at law in the State of New York</p> <p>Apr. 2021 Adjunct Instructor of Kyoto University Law School (current position)</p> <p>June 2022 Director of the Company (Audit and Supervisory Committee Member) (current position)</p> <p>Sept. 2022 Outside Director (Nominating Committee Member, Remuneration Committee Member), Smartvalue Co., Ltd. (current position)</p>	—
Outside Director	<p>[Reasons for nomination as candidate for outside Director who is an Audit and Supervisory Committee Member and overview of expected roles]</p> <p>The Company has judged that Yusaku Akasaki should be able to provide advice and supervision for overall management because he is an attorney at law, familiar with corporate law and has participated in corporate cases in Japan and overseas. Accordingly, the Company has nominated him as a candidate for outside Director who is an Audit and Supervisory Committee Member.</p> <p>Although he does not have past experience in corporate management, the Company has judged that he will be able to appropriately fulfill his duties as outside Director who is an Audit and Supervisory Committee Member due to the above reasons.</p> <p>If he is elected, the Company expects him to be involved as a member of the Nominating and Remuneration Advisory Committee from an objective and neutral standpoint in the selection of candidates for the Company's Board of Directors and the determination of remuneration, etc. for Directors.</p>		
Independent			

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
3	Tomoe Fujiwara (August 8, 1978)	Dec. 2004 AZSA & Co. (currently KPMG AZSA & Co.) Oct. 2008 Registered as a certified public accountant July 2017 Established Tomoe Takayama Certified Public Accountant Office Aug. 2017 Registered as a certified public tax accountant June 2019 Outside Director of Inaba Denki Sangyo Co., Ltd. June 2020 Outside Director (Audit and Supervisory Committee Member) of Inaba Denki Sangyo Co., Ltd. (current position) June 2022 Director of the Company (Audit and Supervisory Committee Member) (current position)	–
Reelection Outside Director			
Independent	[Reasons for nomination as candidate for outside Director who is an Audit and Supervisory Committee Member and overview of expected roles] The Company has judged that Tomoe Fujiwara should be able to provide advice and supervision for overall management because she is a certified public accountant and has advanced expert knowledge and a wealth of experience regarding finance and accounting audit operations. Accordingly, the Company has nominated her as a candidate for outside Director who is an Audit and Supervisory Committee Member. Although she does not have past experience in corporate management other than having served as an external director, the Company has judged that she will be able to appropriately fulfill her duties as outside Director who is an Audit and Supervisory Committee Member due to the above reasons.		

- Notes:
1. There is no special interest between any of the candidates for Directors who are Audit and Supervisory Committee Members and the Company.
 2. Both Yusaku Akasaki and Tomoe Fujiwara are candidates for outside Directors.
 3. Both Yusaku Akasaki and Tomoe Fujiwara are outside Directors who are Audit and Supervisory Committee Members, and at the conclusion of this meeting, their tenure will have been two years.
 4. The Company has entered into an agreement with Yusaku Akasaki and Tomoe Fujiwara to limit their liability for damages as per Article 423, Paragraph 1 of the Companies Act in accordance with Article 427, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under this agreement is the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act. If their reelection is approved, the Company plans to renew this agreement with them.
 5. 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. The insurance policy covers the legally mandated amount of indemnification and litigation expenses incurred from claims for damages against the insureds during the coverage period arising from acts carried out by the insureds, including the Company's Directors who are Audit and Supervisory Committee Members, based on their position. If each candidate is elected and assumes office as Director who is an Audit and Supervisory Committee Member, each of them will be an insured in the insurance policy. In addition, when the insurance policy is renewed, the Company plans to renew the policy with the same terms.
 6. The Company has submitted notification to the Tokyo Stock Exchange that Yusaku Akasaki and Tomoe Fujiwara have been designated as independent officers as provided for by the aforementioned exchange. If their reelection is approved, the Company plans for their appointment as independent officers to continue.

(Reference)

Skills Matrix for the Company's Board of Directors (after the conclusion of this meeting)

Positions in the Company	Name	Management strategy	Internationality	Business division	Finance/accounting	M&A	Organization/human resources	Legal/audit	Risk management
President	Kyoichiro Oki	○	○	○		○	○	○	○
Vice President	Shuji Fujii	○			○	○	○	○	○
Senior Managing Director	Akira Kimura	○	○	○		○			
Director	Koji Ueda	○		○		○			
Outside Director	Koji Nishijima	○			○	○	○		○
Director (Audit and Supervisory Committee Member)	Toshio Shimizu		○					○	
Outside Director (Audit and Supervisory Committee Member)	Yusaku Akasaki		○					○	
Outside Director (Audit and Supervisory Committee Member)	Tomoe Fujiwara				○			○	

Note: The above table does not display all the knowledge possessed by each Director listed.

Proposal No. 3: Election of One Substitute Director Who Is an Audit and Supervisory Committee Member

In preparation for a shortage in the number of Directors who are Audit and Supervisory Committee Members as stipulated in laws and regulations, the Company proposes the election of one substitute Director who is an Audit and Supervisory Committee Member.

The candidate for substitute Director who is an Audit and Supervisory Committee Member is as follows: Hajime Yamamoto is a candidate for a substitute for current Director who is an Audit and Supervisory Committee Member Toshio Shimizu.

In addition, the consent of the Audit and Supervisory Committee has been obtained for this proposal.

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

	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
Inside	Hajime Yamamoto (February 3, 1964)	Apr. 1986 Joined the Company	6,229
		Apr. 2006 Section Manager of Asia Department, Overseas Business Division	
Apr. 2012 Deputy Manager of Asia Department, Overseas Business Division			
July 2021 Manager of Shipping & Administration Department, Overseas Business Division (current position)			
	[Reasons for nomination as candidate for substitute Director who is an Audit and Supervisory Committee Member]		
	The Company has judged that Hajime Yamamoto is qualified to appropriately fulfill his duties as a Director who is an Audit and Supervisory Committee Member because he has been involved in sales, international assignments to an overseas subsidiary, trade administration, and accounting in the Overseas Business Division, and as Director who is an Audit and Supervisory Committee Member and because he has knowledge and experience required for the sound and appropriate operation of the Company. Accordingly, the Company has nominated him as a candidate for substitute Director who is an Audit and Supervisory Committee Member.		

- Notes:
1. There is no special interest between Hajime Yamamoto and the Company.
 2. If Hajime Yamamoto assumes office as Director who is an Audit and Supervisory Committee Member, the Company plans to enter into an agreement with him to limit his liability for damages as per Article 423, Paragraph 1 of the Companies Act in accordance with Article 427, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under this agreement is the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.
 3. 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. The insurance policy covers the legally mandated amount of indemnification and litigation expenses incurred from claims for damages against the insureds during the coverage period arising from acts carried out by the insureds, including the Company's Directors who are Audit and Supervisory Committee Members, based on their position. If Hajime Yamamoto assumes office as Director who is an Audit and Supervisory Committee Member, he will be an insured in the insurance policy. In addition, when the insurance policy is renewed, the Company plans to renew the policy with the same terms.

Proposal No. 4: Determination of Remuneration Limit for Restricted Share-Based Remuneration Plan for Directors (Excluding Outside Directors and Directors Who Are Audit and Supervisory Committee Members)

At the 149th Annual Meeting of Shareholders held on June 23, 2020, it was approved that the amount of remuneration, etc. for Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members) shall not exceed 200 million yen per year (including up to 20 million yen per year for outside Directors, but excluding employee salaries for Directors who concurrently serve as employees). The Company now seeks approval for new remuneration for granting shares with transfer restrictions (“restricted shares”) to Directors of the Company (excluding outside Directors and Directors who are Audit and Supervisory Committee Members; hereinafter “Eligible Directors”) for the purpose of providing incentives to continuously enhance the Company’s corporate value and promoting further value sharing with shareholders, in a separate category from the above.

The total amount of claims to monetary remuneration to be paid to Eligible Directors for granting restricted shares in accordance with this proposal shall be no more than 50 million yen per year for Eligible Directors, which is an amount considered reasonable in light of the above purposes.

The specific allocation to each Eligible Director shall be determined by the Board of Directors.

The Company’s Board of Directors, at its meeting held on June 23, 2020, established a policy for determining the remuneration of individual Directors, and at its meeting held on May 16, 2024, the Board of Directors resolved to revise such policy as set out at the end of this document, subject to the approval of this proposal. This proposal holds it to be necessary and reasonable to award individual remuneration, etc., to Directors in line with the policy following such revision resolution. The ratio of the total number of shares to be issued to, or disposed of by, Eligible Directors in a year shall be no more than 0.3% of the total number of outstanding Company shares (as of March 31, 2024). The Company therefore believes the contents of this proposal to be reasonable.

The number of Directors (excluding Directors who are Audit and Supervisory Committee Members) is currently six (including one outside Director). If Proposal 1 “Election of Five Directors (Excluding Directors Who Are Audit and Supervisory Committee Members),” is approved and passed as originally proposed, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) shall be five (including one outside Director).

In addition, the Eligible Director shall receive all of the claims to monetary remuneration arising from this proposal and the Board of Directors meeting as assets contributed in kind and be issued or disposed of as shares of the Company’s common shares in accordance with the resolution of the Board of Directors meeting, and the total number of shares of common shares of the Company to be issued or disposed of thereby shall be 30,000 shares or less per Eligible Director per year. However, if the total number of shares issued by the Company increases or decreases due to a reverse stock split or stock consolidation (including gratis allotment of shares) effective on or after the date of resolution of this proposal, the maximum number of shares shall be adjusted according to this ratio.

The amount to be paid per share will be determined by the Board of Directors based on the closing price of the Company’s common shares on the Tokyo Stock Exchange on the business day 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 that this is not particularly favorable to Eligible Directors in receipt of such common shares.

The issuance or disposal of shares of common shares of the Company in this manner shall be subject to the execution of a restricted shares allotment agreement (the “Allotment Agreement”) between the Company and the Eligible Director, which shall include the following provisions.

(1) Transfer restriction period

The Eligible Director shall not transfer, grant a security interest in, or otherwise dispose of the shares of common shares (hereinafter referred to as the “Transfer Restrictions”) of the Company allotted under the Allotment Agreement (hereinafter referred to as “Allotted Shares”) during the period (hereinafter referred to as the “Transfer Restriction Period”) from the allotment date until the earlier of the time immediately following his/her retirement or resignation from his/her position as an officer or employee of the Company or its subsidiary, as previously determined by the Board of Directors, or the date 10 years hence (provided, however, if such retirement or resignation occurs before the date three months have passed in the fiscal year that includes the Allotted Shares (as defined below), the term of such period may be adjusted within a reasonable range by the Board of Directors; the same shall apply hereinafter).

(2) Cancellation of transfer restrictions

Notwithstanding the provisions of (1) above, the Company shall lift the Transfer Restrictions on all of the Allotted Shares upon the expiration of the Transfer Restriction Period, provided that the Eligible Director has continuously held, during the Transfer Restriction Period, a position as an officer or employee of the Company or its subsidiary, as previously determined by the Board of Directors of the Company. However, if the Eligible Director resigns or retires from his/her position as an officer or employee of the Company or its subsidiary, as determined in advance by the Board of Directors of the Company, before the expiration of the Transfer Restriction Period due to expiration of his/her term of office, death or other justifiable reasons, reasonable adjustment may be made to the number of the Allotted Shares for which the Transfer Restrictions will be lifted, and the time at which the Transfer Restrictions are lifted, as necessary.

(3) Acquisition without consideration

The Company shall naturally acquire without consideration the Allotted Shares for which the Transfer Restrictions have not been lifted in accordance with the provisions of (2) above at the time the Transfer Restriction Period expires.

(4) Treatment in organizational restructuring, etc.

Notwithstanding the provisions of (1) above, if, during the Transfer Restriction Period, a merger agreement under which the Company ceases to exist, a share exchange agreement or share transfer plan under which the Company becomes a wholly owned subsidiary, or any other matters relating to organizational restructuring, etc. are approved at the Annual Meeting of Shareholders of the Company (provided, however, if the Company's Annual Meeting of Shareholders is not required to approve such organizational restructuring, etc., then the Board of Directors of the Company) shall, by a resolution of the Board of Directors, prior to the effective date of such restructuring cancel the Transfer Restrictions of a number of Allotted Shares reasonably determined based on the period from the start of the Transfer Restriction Period up to the approval date of said organizational restructuring, etc. In this case, the Company shall naturally acquire without consideration the Allotted Shares for which the Transfer Restrictions have not been lifted at the time immediately following the lifting of the Transfer Restrictions in accordance with the above provisions.

(5) Other matters as determined by the Board of Directors

In addition to the provisions of (1) through (4) above, the method of declaration of intent and notification in the Allotment Agreement, the method of revision of the Allotment Agreement, and other matters to be determined by the Board of Directors shall be the contents of the Allotment Agreement.

(Reference)

In addition to Eligible Directors, the Company intends to grant the same restricted shares to executive officers who do not concurrently serve as Directors of the Company as it does to the Eligible Directors.

Policy for Determining Remuneration, etc. of Individual Directors

The Company's Board of Directors, at its meeting held on May 16, 2024, resolved to revise the policy for determining the details of remuneration paid to individual Directors. The Board of Directors consults the Nominating and Remuneration Advisory Committee on the details of the resolution to be adopted in advance, and receives the committee's report.

The Board of Directors determines the method of determining the contents of remuneration, etc. for each individual Director for the fiscal year under review, and shall determine the details of remuneration, etc., in accordance with the policy for determining remuneration.

The details of the policy for determining the details of remuneration, etc. for each individual Director are as follows.

(i) Basic policy

The Company will maintain an appropriate balance in the design and operational decisions of the remuneration system, including both the perspectives of providing explanation to shareholders and incentives to management. In making decisions, deliberations will be made considering the comprehensiveness of matters to be discussed and the adequacy of decision-making materials.

Remuneration for Directors of the Company (excluding outside Directors and Directors who are Audit and Supervisory Committee Members) consists of basic remuneration (fixed monetary remuneration; hereinafter the same) and restricted share-based remuneration (non-monetary remuneration). Outside Directors and Directors who are Audit and Supervisory Committee Members are paid only basic remuneration in consideration for their duties.

(ii) Policy concerning the determination of individual Directors' basic remuneration including policy concerning the determination of the timing and conditions for granting remuneration etc.

Basic remuneration for Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members) shall be fixed, and shall be determined based on the report of the Nominating and Remuneration Advisory Committee, taking into consideration the environment surrounding managerial remuneration, target setting derived from management strategies and other factors, the agreeability of incentives to achieve such targets, and the appropriateness of the level of monetary remuneration. However, the basic remuneration for Directors who are Audit and Supervisory Committee Members is determined through discussions between the Directors who are Audit and Supervisory Committee Members.

Basic remuneration shall be paid monthly in 12 equal monthly installments of the annual amount.

(iii) Details of non-monetary remuneration, etc. and policy concerning the determination of the amount or quantity of such remuneration (including policy concerning the determination of the timing and conditions for granting such remuneration, etc.)

The Company shall provide its Directors (excluding outside Directors and Directors who are Audit and Supervisory Committee Members) with pre-delivered restricted share-based remuneration, up to the maximum amount of remuneration approved separately from basic remuneration at the Annual Meeting of Shareholders, at a certain time each year (mainly immediately following the Annual Meeting of Shareholders) for the purpose of providing incentives to continuously improve the Company's corporate value and to further promote value sharing with shareholders. The amount of restricted share-based remuneration to be paid and the number of shares to be allotted shall be determined based on the report of the Nominating and Remuneration Advisory Committee, taking into consideration the individual Director's position, responsibilities, business performance, and other factors.

(iv) Policy on determining the ratio of the amount of basic remuneration to the amount of non-monetary remuneration for each individual Director

The Company's policy is to set the most appropriate ratio of basic remuneration and restricted share-based remuneration (non-monetary remuneration) for each type of Director (excluding outside Directors and Directors who are Audit and Remuneration Committee Members), based on the report of the Nominating and Remuneration Advisory Committee, by comprehensively considering each individual's position, responsibilities, performance and other factors.

(v) Matters related to the determination of the details of remuneration, etc. for each individual Director

With respect to basic remuneration among individual remuneration, the Board of Directors delegates to President to determine the amount of individual Remuneration for each Director (excluding Directors who are Audit and Supervisory Committee Members), within the limits approved at the Annual Meeting of Shareholders.

With respect to the restricted share-based remuneration (non-monetary remuneration) within individual remuneration, the Company delegates President to determine the amount and the number of shares to be allotted to each individual Director (excluding outside Directors and Directors who are Audit and Supervisory Committee Members) within the limit approved at the Annual Meeting of Shareholders.

The reason for delegating the above decision to President is that the Company has determined that President is best suited to evaluate each Director's area of responsibility and job responsibilities while maintaining a top-down view of the Company's overall performance. In determining individual Directors' remuneration, etc., the Board of Directors consults the Nominating and Remuneration Advisory Committee and obtains its report from the perspective of ensuring transparency and objectivity in the process of evaluating and determining remuneration, etc., subject to the resolution of the Annual Meeting of Shareholders, and President must respect the report in making decisions.