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(Stock Exchange Code 6505)

August 7, 2025

Commencement of measures for electronic provision: August 1, 2025

To Shareholders with Voting Rights:

Akira Watanabe
President, Representative Director
Toyo Denki Seizo K.K.
1-4-16 Yaesu, Chuo-ku, Tokyo

NOTICE OF THE 164th ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

We hereby announce that the 164th Annual General Meeting of Shareholders of Toyo Denki Seizo K.K. (the “Company”) will be held as described below.

In convening this General Meeting of Shareholders, the Company has taken measures for electronic provision. Matters subject to electronic provision are posted on the following website as “Notice of the 164th Annual General Meeting of Shareholders.”

The Company’s website: <https://www.toyodenki.co.jp/ir/agm.html> (Japanese only)

In addition to the above website, matters subject to electronic provision are also posted on the Tokyo Stock Exchange (TSE) website below. Please search for the Company either by entering “Toyo Denki Seizo” in the “Issue name (company name)” bar or the securities code “6505” in the “Code” bar, then select “Basic information” followed by “Documents for public inspection/PR information” to view the information.

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

Instead of attending the meeting, you can exercise your voting rights in writing or via the Internet, etc. Please review the Reference Documents for the General Meeting of Shareholders described in the matters subject to electronic provision, and exercise your voting rights no later than 5:00 p.m. on Tuesday, August 26, 2025, Japan time.

- 1. Date and Time:** Wednesday, August 27, 2025, at 10:00 a.m. Japan time
2. Place: “Station Conference Tokyo” Meeting Room 501, 5F, Sapia Tower
1-7-12 Marunouchi, Chiyoda-ku, Tokyo

3. Agenda:

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company’s 164th Fiscal Year (June 1, 2024 - May 31, 2025) and results of audits by the Accounting Auditor and the Audit and Supervisory Board of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 164th Fiscal Year (June 1, 2024 - May 31, 2025)

Proposals to be resolved:

- Proposal 1:** Appropriation of Surplus
Proposal 2: Election of Seven (7) Directors
Proposal 3: Determination of Remuneration for Granting of Restricted Stock to Directors (Excluding Outside Directors)

- © The paper copy sent to shareholders also serves as the document describing matters for electronic provision based on the request for delivery of a paper copy. In accordance with provisions of laws and regulations as well as Article 15 of the Company's Articles of Incorporation, the following matters are excluded. Accordingly, the paper copy is part of the documents audited by the Audit and Supervisory Board Members and the Accounting Auditor when preparing the audit report.
- "Information Concerning Accounting Auditor"
 - "Overview of Systems to Ensure Appropriate Business Operations (Basic Policy for Internal Control Systems) and Operational Status Thereof"
 - "Basic Policy on Control of the Company"
 - "Consolidated Statements of Changes in Net Assets"
 - "Notes to Consolidated Financial Statements"
 - "Non-consolidated Statements of Changes in Net Assets"
 - "Notes to Non-consolidated Financial Statements"
- © In the event of any revisions to the matters subject to electronic provision, details of the revisions will be posted on each of the designated websites.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

With regard to the appropriation of surplus, the Company proposes the following.

[Items related to the year-end dividend]

With regard to the year-end dividend for the fiscal year ended May 31, 2025, upon comprehensively taking into consideration the return of profits to shareholders in a continuous and stable manner, the strengthening of the Company's business structure and other factors, the Company proposes the ordinary dividend of 70 yen per share.

(1) Type of dividend property
Cash

(2) Items related to the allocation of dividend property to shareholders and its total amount
70 yen per share of common stock
Total of 644,717,780 yen

(3) Effective date of distribution of surplus
August 28, 2025

(Reference)

■ Dividend Policy

Based on the Company's policy of paying continuous and stable dividends with a dividend payout ratio of at least 30%, and in order to fulfill the mandate of our shareholders, we aim to strengthen the earnings capacity necessary to secure dividend resources and achieve dividend increases driven by profit growth.

Proposal 2: Election of Seven (7) Directors

Since the term of office of all seven (7) Directors will expire at the closing of this General Meeting of Shareholders, the election of seven (7) Directors, of which three (3) are Outside Directors, is requested.

The candidates for Director are as follows.

No.	Name (Date of birth)	Past experience, positions, responsibilities, significant concurrent positions, and reason for nomination as a candidate, etc.	Number of shares of the Company held
1	Akira Watanabe November 22, 1959 <u>Reappointment</u>	<p>April 1982 Joined the Company</p> <p>June 2002 Group Manager, Business Creation Group, Development Division</p> <p>June 2005 Group Manager, Traction Control Design Group, Transportation Systems Works, Yokohama Plant, Production Division</p> <p>August 2008 Deputy Center Manager, Research Center</p> <p>May 2011 Group Manager, EV Systems Group, Business Development Division</p> <p>August 2013 General Manager, Business Development Division</p> <p>August 2015 Operating Officer; General Manager, Corporate Planning Division</p> <p>August 2016 Appointed as Director; Division Director, Transportation Business Unit</p> <p>June 2018 Director and Executive Officer; Division Director, Transportation Business Unit; General Manager, International Sales Division, Transportation Business Unit</p> <p>August 2018 Director and Executive Officer; Division Director, Transportation Business Unit</p> <p>August 2019 Director and Senior Executive Officer; Division Director, Transportation Business Unit; Plant Manager, Yokohama Plant</p> <p>August 2020 President, Representative Director (current position)</p> <p>[Reason for nomination as a candidate for Director] Mr. Akira Watanabe, since joining the Company in 1982, has been mainly engaged in transportation business, and has knowledge and experience regarding transportation business as a whole and the management of the entire Group, as evidenced by his experience in the fields of research and development and corporate planning. He has been appropriately supervising the management of the Group as a whole as Director since 2016 and as President, Representative Director since 2020. He is nominated as a candidate for Director based on the judgment that, by utilizing his knowledge and experience, he would be able to appropriately supervise the management of the Group as a whole and play a significant role in sustainable growth and the improvement of corporate value.</p>	13,226

No.	Name (Date of birth)	Past experience, positions, responsibilities, significant concurrent positions, and reason for nomination as a candidate, etc.	Number of shares of the Company held
2	Kenzo Terashima August 18, 1948 Reappointment	<p>April 1972 Joined the Company</p> <p>July 2001 General Manager, International Sales Division, Transportation System Business Unit</p> <p>August 2002 Operating Officer; Deputy General Manager, Sales Division</p> <p>August 2004 Appointed as Director; General Manager, Sales Division</p> <p>August 2006 Director; Division Director, Transportation Business Unit</p> <p>August 2008 Executive Director</p> <p>August 2009 Representative Senior Executive Director</p> <p>August 2012 Vice President, Representative Director</p> <p>August 2013 President, Representative Director</p> <p>August 2020 Chairman, Representative Director</p> <p>August 2022 Chairman, Director (current position)</p> <p>[Reason for nomination as a candidate for Director] Mr. Kenzo Terashima has been driving the growth of the Group with a bird's eye view of overall management by strengthening the management structure and promoting globalization as President, Representative Director since 2013, as Chairman, Representative Director from 2020 to 2022. As Chairman, Director since 2022, he has notably promoted the effective operation of the Board of Directors and strengthened governance of the Group. He is nominated as a candidate for Director based on the judgment that, by utilizing his knowledge and experience, he would be able to appropriately supervise the management of the Group as a whole and play a significant role in sustainable growth and the improvement of corporate value.</p>	19,260

No.	Name (Date of birth)	Past experience, positions, responsibilities, significant concurrent positions, and reason for nomination as a candidate, etc.	Number of shares of the Company held
3	Kenji Tanimoto April 17, 1958 <u>Reappointment</u>	<p>April 1981 Joined Nippon Life Insurance Company</p> <p>March 2004 General Manager, Corporate Finance Department 3</p> <p>March 2009 General Manager, Head Office Corporate Finance Department 2</p> <p>March 2010 General Manager, Corporate Finance Department 1</p> <p>April 2012 Joined the Company; General Manager in charge of Corporate Planning Division</p> <p>June 2012 General Manager, Financial Affairs Division</p> <p>August 2014 Operating Officer; General Manager, Financial Affairs Division</p> <p>August 2016 Senior Operating Officer; Branch Manager of Osaka Branch</p> <p>June 2018 Executive Officer; Branch Manager of Osaka Branch</p> <p>May 2021 Executive Officer</p> <p>August 2022 Appointed as Director; Senior Executive Officer (current position)</p> <p>[Reason for nomination as a candidate for Director] Mr. Kenji Tanimoto, since joining the Company in 2012, has been engaged in financial affairs, utilizing his abundant experience in investment and loan operations at a life insurance company, following which he has gained knowledge and experience in the management of the Group as a whole, including serving as Branch Manager of Osaka Branch and Operating Officer in charge of corporate planning, general affairs, human resources, and more. He has also appropriately supervised management of the Group as a whole since 2022 as a Director. He is nominated as a candidate for Director based on the judgment that, by utilizing his knowledge and experience, he would be able to appropriately supervise the management of the Group as a whole and play a significant role in sustainable growth and the improvement of corporate value.</p>	5,647

No.	Name (Date of birth)	Past experience, positions, responsibilities, significant concurrent positions, and reason for nomination as a candidate, etc.	Number of shares of the Company held
4	Jun Nukina (May 12, 1965) <u>Reappointment</u>	<p>April 1988 Joined The Sanwa Bank, Ltd. (currently MUFG Bank, Ltd.)</p> <p>May 2010 General Manager, Corporate Department 1, Toranomom Branch Office</p> <p>October 2013 Director; General Manager, Corporate Banking Division No. 10, Corporate Banking Group No. 3</p> <p>September 2017 Joined the Company; General Manager in charge of Financial Affairs Division</p> <p>September 2018 General Manager, Financial Affairs Division</p> <p>December 2020 Operating Officer; General Manager, Financial Affairs Division</p> <p>August 2022 Operating Officer; General Manager, Corporate Planning Division; Head of Group Administration Office, Corporate Planning Division</p> <p>December 2023 Executive Officer; General Manager, Corporate Planning Division</p> <p>August 2024 Appointed as Director; Executive Officer</p> <p>June 2025 Director, Senior Executive Officer (current position)</p> <p>[Reason for nomination as a candidate for Director] Mr. Jun Nukina, since joining the Company in 2017, has been engaged in financial affairs, utilizing his abundant experience in operations at a financial institution, following which he has gained knowledge and experience in the management of the Group as a whole, including serving as General Manager, Corporate Planning Division and Head of Group Administration Office, Corporate Planning Division. He has appropriately supervised management of the Group as a whole since 2024 as a Director. He is nominated as a candidate for Director based on the judgment that, by utilizing his knowledge and experience, he would be able to appropriately supervise the management of the Group as a whole and play a significant role in sustainable growth and the improvement of corporate value.</p>	2,100

No.	Name (Date of birth)	Past experience, positions, responsibilities, significant concurrent positions, and reason for nomination as a candidate, etc.	Number of shares of the Company held
5	Taizo Makari January 19, 1959 Reappointment Outside Director Independent Director	<p> April 1983 Joined TEIJIN LIMITED October 1998 Manager, Engineering Products Development Department, Engineering Laboratories April 2004 General Manager, Business Planning and Administration Department; General Manager, Plant Maintenance and Utility Department, Teijin Entech Co., Ltd. April 2010 General Manager, Engineering Center; General Manager, Chemical Engineering Department, Teijin Engineering Limited; Assistant to CENO, TEIJIN LIMITED (in charge of capital investment) June 2010 Director, Teijin Engineering Limited June 2011 Representative Director; Managing Director April 2012 Teijin Group Chief Representative in Europe, TEIJIN LIMITED; President, Teijin Holdings Netherlands B.V. April 2013 Teijin Group Corporate Officer, TEIJIN LIMITED April 2014 Head, Engineering Unit; Assistant Chief CSR Officer (in charge of disaster prevention) April 2017 Teijin Group Corporate Officer; Chief Officer (Engineering); Assistant Chief CSR Officer (in charge of disaster prevention) June 2018 Director, INFOCOM CORPORATION April 2020 Teijin Group Executive Officer, TEIJIN LIMITED April 2021 Counselor and Technical Advisor August 2021 Appointed as Outside Director of the Company (current position) April 2022 Technical Advisor, TEIJIN LIMITED (current position) </p> <p> [Reason for nomination as a candidate for Outside Director and overview of expected roles] Mr. Taizo Makari has abundant experience in corporate management both in Japan and overseas and highly specialized technological knowledge, and has given advice and made proposals in order to ensure legality and appropriateness of decision making of the Board of Directors of the Company, utilizing his extensive insight and global view. In addition, as a member of the Nomination and Compensation Advisory Committee, he formulates proposals for the appointment of Directors, etc. of the Company and expresses his valuable opinion from an objective standpoint on deliberations and decisions concerning the compensation of Directors, etc. The Company renominated him as a candidate for Outside Director, as the Company expects him to continue to give advice and make proposals effectively for decision-making of the Board of Directors of the Company. </p> <p> [Term of Office as Outside Director] Mr. Taizo Makari currently serves as the Company's Outside Director and his term of office will be four years at the conclusion of this General Meeting of Shareholders. </p>	0

No.	Name (Date of birth)	Past experience, positions, responsibilities, significant concurrent positions, and reason for nomination as a candidate, etc.	Number of shares of the Company held
6	<p>Yukiko Machida March 24, 1984</p> <p><u>Reappointment</u> <u>Outside Director</u></p> <p>Independent Director</p>	<p>December 2009 Registered as Attorney at Law (Daini Tokyo Bar Association) Joined Shin-yotsuya Law Offices</p> <p>December 2012 Established Law Office of Itsumi & Machida Partner at Law Office of Itsumi & Machida (current position)</p> <p>April 2017 Vice-Chairperson, Labor Issue Committee, Daini Tokyo Bar Association (current position)</p> <p>August 2023 Appointed as Outside Director of the Company (current position)</p> <p>October 2023 Member of the Tokyo Dispute Coordination Committee (current position)</p> <p>June 2024 Outside Director of YUASA TRADING CO., LTD. (current position)</p> <p>[Reason for nomination as a candidate for Outside Director and overview of expected roles] Ms. Yukiko Machida is a qualified lawyer and has a particularly high level of insight in the field of labor law, including through her service as Vice- Chairperson of the Labor Issue Committee, Daini Tokyo Bar Association. Based on her experience, she has given advice and made proposals effectively in order to ensure legality and appropriateness of decision-making of the Board of Directors of the Company, and she has given advice and made proposals regarding the Company's personnel and labor issues. In addition, as a member of the Nomination and Compensation Advisory Committee, she formulates proposals for the appointment of Directors, etc. of the Company and expresses her valuable opinion from an objective standpoint on deliberations and decisions concerning the compensation of Directors, etc. The Company renominated her as a candidate for Outside Director, as the Company can expect her to continue to give advice and make proposals effectively regarding the legality and appropriateness of decision-making of the Board of Directors of the Company and the Company's personnel and labor issues. There is no business relationship between the Company and YUASA TRADING CO., LTD. where she serves as an Outside Director.</p> <p>[Term of Office as Outside Director] Ms. Yukiko Machida currently serves as the Company's Outside Director and her term of office will be two years at the conclusion of this General Meeting of Shareholders.</p>	0

No.	Name (Date of birth)	Past experience, positions, responsibilities, significant concurrent positions, and reason for nomination as a candidate, etc.	Number of shares of the Company held
7	Yasuaki Sugizaki (May 17, 1957) New appointment Outside Director Independent Director	<p>April 1988 Joined Kobe Steel, Ltd.</p> <p>April 2011 Executive Officer, General Manager, Research & Development Planning Department, Technical Development Group</p> <p>April 2013 Managing Executive Officer; General Manager, Technical Development Group</p> <p>June 2014 Managing Director; General Manager, Technical Development Group</p> <p>April 2015 Senior Managing Director; Company-wide Technology Supervisor</p> <p>April 2016 Director; Senior Managing Executive Officer; Assistant to the President, Kobe Steel, Ltd.; Corporate Adviser, OSAKA Titanium Technologies Co., Ltd.</p> <p>June 2016 Representative Director, Member of the Board & President, OSAKA Titanium Technologies Co., Ltd.</p> <p>June 2024 Consultant (current position)</p> <p>[Reason for nomination as a candidate for Outside Director and overview of expected roles] Mr. Yasuaki Sugizaki was appointed to key positions within Kobe Steel, Ltd.'s Technical Development Group. Thereafter, as Representative Director, Member of the Board & President of OSAKA Titanium Technologies Co., Ltd., he demonstrated strong leadership in achieving sustained corporate growth and enhanced corporate value over the medium and long term. He also possesses excellent managerial abilities, including improving business profitability and engaging in reforms. The Company nominated him as a candidate for Outside Director, as based on his experience, he can be expected to give valuable advice and make proposals in order to ensure legality and appropriateness of decision- making of the Board of Directors of the Company. There is no business relationship between the Company and OSAKA Titanium Technologies Co., Ltd., where he serves as a Consultant.</p>	

- (Notes)
1. There are no special interests between each candidate for Director and the Company.
 2. Mr. Taizo Makari, Ms. Yukiko Machida, and Mr. Yasuaki Sugizaki are candidates for Outside Director as stipulated in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. The Company has registered them as independent officers with the Tokyo Stock Exchange.
 3. Pursuant to the stipulations of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with an Outside Director to limit his or her liability as stipulated in Article 423, Paragraph 1 of the Companies Act to the amount set forth by laws and regulations. If this proposal is approved and Mr. Taizo Makari, Ms. Yukiko Machida, and Mr. Yasuaki Sugizaki are elected, the above-mentioned liability limitation agreement shall retain their effect for Mr. Taizo Makari and Ms. Yukiko Machida, and a new agreement shall be entered into for Mr. Yasuaki Sugizaki.
 4. The Company has concluded a directors and officers liability insurance agreement as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. Under the said insurance agreement, damage caused as a result of the insured directors assuming liability regarding the execution of their duties or receiving claims pertaining to the pursuit of such liability shall be covered. If the candidates are appointed to the position of Director, they will be included as the insured under this insurance agreement.

<Reference>

- Directors Skills Matrix
Expertise and experience of Directors (after the approval of Proposal 2)

Name	Outside Directors	Areas of expertise and experience							
		Corporate management	Sales/ Marketing	Research and development/ Technology	Manufacturing/ Quality control	Global business	Human resources/ Labor	Accounting/ Finance	Legal affairs
Akira Watanabe		●	●	●	●	●			
Kenzo Terashima		●	●	●	●	●			
Kenji Tanimoto		●	●				●	●	●
Jun Nukina		●	●			●		●	
Taizo Makari	●	●		●	●	●			
Yukiko Machida	●						●		●
Yasuaki Sugizaki	●	●	●	●	●				

<Reference>

- Standards for Independence of Outside Officers

In addition to fulfilling the criteria in the Companies Act, Outside Officers shall also not fall under any of the following items, in accordance with the Tokyo Stock Exchange “Guidelines Relating to Listing Management, etc.”

- (1) In the event that a company where the Outside Officer serves as an executive* receives payment from the Company or a subsidiary of the Company as consideration for products, components, or services, or makes payment to the Company or a subsidiary of the Company, cases when the amount of such payments exceeds 2% of the consolidated net sales of either company in any fiscal year during the past three fiscal years.
- (2) Cases when the Outside Officer has received compensation exceeding 10 million yen directly from the Company or a subsidiary of the Company as a legal, accounting, or tax specialist or consultant (or in the event of a corporation, a person belonging to that corporation) in any fiscal year during the past three fiscal years.
- (3) Cases when contributions from the Company to a non-profit organization where the Outside Officer serves as an officer executing business operations have exceeded 10 million yen in any fiscal year during the past three fiscal years.
- (4) Cases when the Outside Officer is or has been a major shareholder of the Company or an executive thereof, directly or indirectly holding more than 10% of the Company’s voting rights during the past three years.
- (5) Cases when a relative within the second degree of the Outside Officer falls under the following categories:
 - An executive of the Company or a subsidiary of the Company during the past three years (excluding insignificant persons);
 - A person falling under any of the above items (1) to (4) (excluding insignificant persons).

*Executive: An executive director, executive officer, operating officer, manager, or other employee

Proposal 3: Determination of Remuneration for Granting of Restricted Stock to Directors (Excluding Outside Directors)

The amount of remuneration, etc. for the Company's Directors was approved to be within 240 million yen per year (not including employee salaries of employees concurrently serving as Directors) at the 145th Annual General Meeting of Shareholders held on August 29, 2006.

On this occasion, as part of revisions to its remuneration plan for Directors, the Company proposes to introduce a restricted stock remuneration plan for Directors (excluding Outside Directors; hereinafter "Eligible Directors") of the Company, established separately from the aforementioned remuneration, in order to provide Eligible Directors with an incentive to strive for sustainable improvement in the Company's corporate value and to promote further value sharing with shareholders.

Under this proposal, Eligible Directors shall be compensated with either (i) shares of the Company's common stock or (ii) monetary claims as property contributed in kind for the acquisition of the Company's common stock, and the Eligible Directors shall receive issuance or disposal of the Company's common stock pursuant to the resolution of the Company's Board of Directors.

The total value of shares of the Company's common stock or monetary claims to be provided as remuneration under this proposal shall be within 32 million yen per year (but does not include employee salaries of employees concurrently serving as Directors).

When remuneration to be provided to Eligible Directors based on this proposal is provided in the form of the Company's common stock, rather than being paid in the form of monetary claims, the Company's common stock shall be issued or disposed of as remuneration for Eligible Directors, and no payment for monetary claims as contributions in kind for the exchange of the common stock shall be required. In this case, the per-share value of the Company's common stock to be paid to Eligible Directors shall be calculated based on the per-share value of the Company's common stock to be issued or disposed of based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day preceding the date of each resolution by the Board of Directors concerning the issuance or disposal of the Company's common stock (or the closing price of the most recent preceding trading day if no transaction is conducted on that day).

However, when remuneration to be provided to Eligible Directors based on this proposal is provided in the form of monetary claims as property contributed in kind for the acquisition of the restricted stock, Eligible Directors shall, based on the resolution of the Company's Board of Directors, pay all of the monetary claims provided under this proposal as property contributed in kind and shall receive an issuance or disposal of the Company's common stock. In this case, the amount to be paid per share 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 preceding the date of each resolution by the Board of Directors (or the closing price of the most recent preceding trading day if no transaction is conducted on that day), within the scope of the amount that is not particularly advantageous to the Eligible Directors who shall receive the common stock.

The total amount of the Company's common stock issued or disposed of with respect to Eligible Directors shall be within 25,000 shares per year (however, the total number shall be adjusted within a reasonable range if, on or after the date this proposal is approved, a split of the Company's common stock, including a gratis allotment of the Company's common stock, or a consolidation of the stock is conducted, or if circumstances require an adjustment of the total number of the Company's common stock issued or disposed of as restricted stock).

Furthermore, the specific timing and distribution of payments to each Eligible Director shall be determined by the Company's Board of Directors following consultation with the Nomination and Compensation Advisory Committee.

Currently, there are seven (7) Directors (including three (3) Outside Directors), and if Proposal 2 "Election of Seven (7) Directors" is approved as proposed, there shall be seven (7) Directors (including three (3) Outside Directors).

Furthermore, when Eligible Directors receive issuance or disposal of the Company's common stock or when they are granted monetary claims as property contributed in kind for the acquisition of the Company's common stock under this proposal, it is conditional that a restricted stock allotment agreement (hereinafter the "Allotment Agreement") be concluded between the Company and the Eligible Directors, including the following content. In addition, the maximum remuneration amount, the total number of the Company's common stock to be issued or disposed of, and other conditions regarding the granting of the restricted stock to Eligible Directors under this proposal, are deemed as reasonable as they have been determined taking into account the aforementioned objectives, the Company's business conditions, the Company's policy for determining details of remuneration, etc. for individual Directors (if this proposal is approved, the relevant policy shall be revised, as described in the overview provided "Reference" section below), and various other circumstances.

[Overview of the Allotment Agreement]

(1) Restriction Period

Eligible Directors shall not transfer, create security interests on, or otherwise dispose of the Company's common stock allotted under the Allotment Agreement (hereinafter the "Allotted Shares") during the period (hereinafter the "Restriction Period") effective from the date of receiving the allotment under the Allotment Agreement until the point in time immediately after retirement or resignation of an Eligible Director from a position predetermined by the Company's Board of Directors among officer and employee positions of the Company or its subsidiaries (hereinafter the "Transfer Restrictions").

(2) Treatment of retirement or resignation

If an Eligible Director retires or resigns from a position predetermined by the Company's Board of Directors among officer and employee positions of the Company or its subsidiaries prior to expiration of the period predetermined by the Company's Board of Directors (hereinafter the "Service Period"), the Company shall automatically acquire the Allotted Shares without consideration, unless the retirement or resignation is due to expiration of term of office, death, or other justifiable reasons.

(3) Lifting of Transfer Restrictions

The Company shall lift the Transfer Restrictions upon expiration of the Restriction Period with respect to all of the Allotted Shares, subject to the condition that the Eligible Director has remained in a position predetermined by the Company's Board of Directors among officer and employee positions of the Company or its subsidiaries continuously throughout the Service Period. However, (i) if the Eligible Director retires or resigns from a position predetermined by the Company's Board of Directors among officer and employee positions of the Company or its subsidiaries prior to the expiration of the Service Period due to justifiable reasons, or (ii) if the Eligible Director retires or resigns from a position predetermined by the Company's Board of Directors among officer and employee positions of the Company or its subsidiaries prior to the expiration of the Restriction Period for a reason other than justifiable reasons, even after the expiration of the Service Period, then the number of the Allotted Shares subject to lifting of the Transfer Restrictions and the timing for lifting of the Transfer Restrictions shall be adjusted in a reasonable manner as necessary. Furthermore, the Company shall automatically acquire without consideration any of the Allotted Shares that are not subject to lifting of the Transfer Restrictions at the point in time immediately after the Transfer Restrictions have been lifted in accordance with the aforementioned provisions.

(4) Treatment during reorganization, etc.

Notwithstanding the provisions of (1) above, if, during the Restriction Period, a merger agreement in which the Company becomes a disappearing company, a share exchange agreement in which the Company becomes a wholly-owned subsidiary, a share transfer plan, or other matters related to reorganization, etc. are approved at a General Meeting of Shareholders of the Company (or, by the Company's Board of Directors if approval from a General Meeting of Shareholders of the Company is not required for such reorganization, etc.), then the Transfer Restrictions shall be lifted, by resolution of the Company's Board of Directors, prior to the effective date of such reorganization, etc. with respect to the number of Allotted Shares determined in a reasonable manner taking into account the period from the commencement date of the Restriction Period until the date on which such reorganization, etc. was approved. Furthermore, the Company shall, if stipulated above, automatically acquire without consideration any of the Allotted Shares that are not subject to lifting of the Transfer Restrictions at the point in time immediately after the Transfer Restrictions have been lifted.

(5) Other matters

Any other matters regarding the Allotment Agreement shall be determined by the Company's Board of Directors.

If this proposal is approved, the Company intends to adopt the same remuneration plan to grant restricted stocks to the Company's Executive Officers who do not concurrently serve as Directors.

[Reference]

Policy for determining Director remuneration (overview)

1. Basic policy for determining Director remuneration and decision-making bodies

Remuneration category	Monetary remuneration		Non-monetary remuneration
	Basic remuneration	Performance-linked remuneration	Restricted stock remuneration
Director excluding Outside Director	○	○	○
Outside Director	○		
Remuneration limit (annual)	Within 240 million yen		Within 32 million yen
Decision-making body for individual remuneration	Nomination and Compensation Advisory Committee		Board of Directors

2. Policies for determining each category of remuneration

(1) Basic remuneration

- (i) Decided based on the standard amount determined for each position and paid monthly.

(2) Performance-linked remuneration

- (i) Decided based on the standard amount determined for each position and comprehensively taking into account the following performance indicators and paid once a year in July.
 - Single-year performance of the Group (orders received, net sales, operating profit, ordinary profit, and profit)
 - Progress toward achieving targets in the Medium-term Management Plan and contributions
- (ii) The basic allocation of performance-linked remuneration in the total annual remuneration amount is in principle set at 30-40% according to position, with the amount fluctuating in line with achievement of performance indicators.

(3) Restricted stock remuneration (hereinafter “RS remuneration”)

- (i) Decided based on the standard amount determined for each position and allocated once a year in October.
- (ii) The basic allocation of RS remuneration in the total annual remuneration amount is in principle set at 3-20% according to position.
- (iii) Under the RS remuneration plan, transfer of the stock is prohibited during the term of office, with transfer restrictions lifted upon retirement.
- (iv) All allotted stock will be acquired by the Company without compensation in the event of a material violation of laws, regulations, or Company rules.