

June 10, 2022

Dear Shareholders:

Mikio Toyoda, President and CEO
Chino Corporation
32-8, Kumano-cho, Itabashi-ku, Tokyo

Notice of the 86th Ordinary General Meeting of Shareholders

Please accept our sincere gratitude for your continued support and patronage.

We write to advise you of the 86th Ordinary General Meeting of Shareholders of Chino Corporation (hereinafter the “Company”).

To prevent the spread of COVID-19, we ask our shareholders to refrain from attending this General Meeting of Shareholders in person, and to exercise their voting rights in writing (by mail) or via the Internet prior to the date of the meeting, if possible.

Please also note that, on the day of the meeting, it is possible that not everyone seeking to attend the meeting will be able to enter the venue because seats will be arranged to ensure physical distancing.

When exercising your voting rights in writing (by mail) or via the Internet, please read the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:00 p.m. on Monday, June 27, 2022 (JST).

1. Date and Time: Tuesday, June 28, 2022 at 10 a.m. Japan time
(The reception desk is scheduled to open at 9 a.m.)

2. Place: Meeting room of the Head Office (first basement),
32-8, Kumano-cho, Itabashi-ku, Tokyo

3. Meeting Agenda:

Matters to be reported:

1. The Business Report, Consolidated Financial Statements for the Company’s 86th Fiscal Year (April 1, 2021 - March 31, 2022) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements
2. Non-consolidated Financial Statements for the Company’s 86th Fiscal Year (April 1, 2021 - March 31, 2022)

Matters to be resolved:

Proposal 1: Partial Amendment of the Articles of Incorporation

Proposal 2: Election of Six (6) Directors

Proposal 3: Election of Accounting Auditor

Proposal 4: Presentation of Retirement Benefits to Retiring Directors and Granting of Final Retirement Benefits to Directors and Corporate Auditors in Conjunction with Abolishment of Retirement Benefits System for Officers

Proposal 5: Revision of Remuneration, etc. for Directors and Introduction of Restricted Stock Remuneration Plan for Directors (excluding Outside Directors)

Proposal 6: Revision of the amount remuneration for Audit & Supervisory Board Members

- ◇ Of the documents to be provided with this Notice, Notes to Consolidated Financial Statements and Notes to Non-Consolidated Financial Statements are posted on the Company's website (<https://www.chino.co.jp/>) in accordance with laws and regulations and Article 14 of the Company's Articles of Incorporation, and are thus not included in the documents attached to this Notice. These matters are a portion of the documents audited during the course of preparation of the Audit Report by the Corporate Auditors and the Accounting Audit Report by the Accounting Auditor.
- ◇ Should the Reference Documents for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements, and Consolidated Financial Statements require revision, the revised versions will be posted on the Company's website (<https://www.chino.co.jp/>).

<Request for Shareholders and the Company's Response in Relation to Prevent the Spread of COVID-19>

1. Requests to Shareholders

- To prevent the spread of COVID-19, we ask our shareholders to exercise their voting rights in writing (by mail) or via the Internet prior to the date of the meeting.

2. Requests to Attending Shareholders

- We ask for your cooperation in wearing a mask all the time and using alcohol sanitizer at the venue.
- We will take your temperature at the entrance of the venue. If we observe that you have a fever or are unwell, we may refuse to admit you into the venue.
- We will have a limited number of seats because we will space them out to prevent the spread of COVID-19. Please note that we may not be able admit to the venue everyone who comes to the meeting.

3. Our Response

- Administrative staff will be checked for symptoms, and will wear face masks or face shields.
- No gifts and beverages will be offered to shareholders on the day of the meeting. We appreciate your understanding.
- The reception after the General Meeting of Shareholders will be cancelled.

On September 1, 2022, regulations regarding the establishment of a system for providing general shareholder meeting materials in electronic format will come into force.

As a result, general shareholder meeting materials for the next meeting (after March 2023) will be uploaded onto the Company's website, etc. and shareholders will receive only a simplified notice (notification in writing of posting of relevant materials on the website, the website address, etc.)

Shareholders who wish to receive materials in a paper-based format for the next and subsequent meetings can follow the procedure for making a "request for delivery of documents".

Regarding the procedure for making a "request for delivery of documents," please contact the securities company with which you have opened an account or Mitsubishi UFJ Trust and Banking Corporation, the shareholder registry administrator.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Partial Amendment of the Articles of Incorporation

1. Reasons for proposal

(1) Measures to Provide Materials for General Meetings of Shareholders Electronically

The amended provisions stipulated in the proviso to Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Law No. 70 of 2019) will come into effect on September 1, 2022. Therefore, in preparation for the introduction of the system for provision in electronic format of materials for a General Meeting of Shareholders, the Articles of Incorporation of the Company will be amended as follows:

(i) Proposed amended Paragraph 1 of Article 14 stipulates that measures for provision in electronic format shall be taken with respect to the information contained in the reference documents, etc. for General Meetings of Shareholders.

(ii) Proposed amended Paragraph 2 of Article 14 limits the scope of the matters to be listed in the documents to be delivered to shareholders who have requested the delivery of documents in paper-based format.

(iii) The provisions in respect of disclosure by way of the internet and deemed provision of reference documents, etc. for a Shareholders Meeting (Article 14 of the current Articles of Incorporation) will no longer be required and will be deleted.

(iv) In line with the above additions and deletions, supplementary provisions concerning the effective date and related matters will be incorporated.

(2) Clear indication of provisions regarding Substitute Corporate Auditor

In preparation for a case in which the number of Corporate Auditors is less than the number stipulated in laws and regulations, the Company proposes that provisions regarding Substitute Corporate Auditor (Paragraphs 3 and 4, Article 29 after proposed changes) be established, that the effective period for a resolution to elect Corporate Auditors be specified.

2. Details of amendments

The proposed amendments to the Articles of Incorporation are as follows:

Current Articles of Incorporation	Proposed amendment
<p><u>(Disclosure by way of the Internet and Deemed Provision of Reference Documents, etc. for a Shareholders Meeting)</u></p> <p><u>Article 14 In connection with convocation of a General Meeting of Shareholders, the Company may deem that any information relating to the matters to be described or shown in the reference documents for the shareholders meeting, business reports, financial statements, and consolidated financial statements, is provided to the shareholders by disclosing such information by way of the internet in accordance with the relevant Order of the Ministry of Justice.</u></p> <p><Newly introduced></p>	<p><Deleted></p> <p><u>Article 14 In connection with convocation of a General Meeting of Shareholders, the Company shall take measures for provision in electronic format of the information contained in the reference documents, etc. for the General Meeting of Shareholders.</u></p> <p><u>2 Of the matters for which the measures for provision in electronic format will be taken, the Company may omit to list all or part of the matters as stipulated in the Ordinance of the Ministry of Justice in the documents that will be delivered to shareholders who have requested the delivery of documents in paper form by the record date of voting rights.</u></p>
<p>(Appointment of Audit & Supervisory Board Members)</p> <p>Article 29 (omission of the text)</p> <p>2 (omission of the text)</p> <p><Newly introduced></p> <p><Newly introduced></p>	<p>(Appointment of Audit & Supervisory Board Members)</p> <p>Article 29 (as it is now)</p> <p>2 (as it is now)</p> <p><u>3. In accordance with the provisions of Paragraph 3, Article 329 of the Companies Act, the Company may elect a Substitute Corporate Auditor at a general meeting of shareholders, in preparation for the case in which the number of Corporate Auditors is less than the number stipulated in laws and regulations.</u></p> <p><u>4. The effective period of a resolution to elect a Substitute Corporate Auditor stated in the preceding paragraph shall expire at the commencement of the ordinary general meeting of shareholders for the last fiscal year ending within four years of the adoption of the said resolution.</u></p>

Current Articles of Incorporation	Proposed amendment
<p><Newly introduced></p>	<p><u>Supplementary Provisions</u> <u>(Transitional Measures Concerning Measures</u> <u>for Provision in Electronic Format, etc.)</u></p> <p><u>1 The deletion of Article 14 of the current</u> <u>Articles of Incorporation (Disclosure by way</u> <u>of the Internet and Deemed Provision of</u> <u>Reference Documents, etc. for a Shareholders</u> <u>Meeting) and the addition of the proposed</u> <u>amended Article 14 (Measures for Provision in</u> <u>Electronic Format, etc.) shall become effective</u> <u>as of September 1, 2022.</u></p> <p><u>2 Notwithstanding the provisions of the</u> <u>preceding paragraph, Article 14 of the current</u> <u>Articles of Incorporation shall remain in effect</u> <u>with respect to a General Meeting of</u> <u>Shareholders to be held within the period of six</u> <u>(6) months from September1, 2022.</u></p> <p><u>3 This Supplementary Provision shall be</u> <u>deleted on the date when six (6) months have</u> <u>elapsed from September 1, 2022, or three (3)</u> <u>months have elapsed from the date of the</u> <u>General Meeting of Shareholders set forth in</u> <u>the preceding paragraph, whichever is the later.</u></p>

Proposal 2: Election of Six (6) Directors

The terms of office of all nine (6) Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, the Company proposes that six (6) Directors be elected.

Candidates for Directors are as follows:

Number	Name	Current positions and responsibilities in the Company	Tenure	Attendance at meetings of the Board of Directors
1	Mikio Toyoda	Reelection President and CEO	10 years	14/ 14 meetings
2	Takao Shimizu	Reelection Director and Executive Officer, In charge of Group Technical Management	13 years	14/ 14 meetings
3	Akihiko Nishiguchi	Reelection Director and Executive Officer, Executive Manager, Sales Headquarters	3 years	14/ 14 meetings
4	Tatsuyoshi Yoshiike	Reelection Outside Independent Director	7 years	14/ 14 meetings
5	Kazuo Ikuta	Reelection Outside Independent Director	6 years	14/ 14 meetings
6	Yukinobu Miki	New Appointment Outside Independent Director	— years	—/— meetings

Reelection	Director for reelection	New Appointment	New Directors	Outside	Outside Director	Independent	Independent Director as defined by the Tokyo Stock Exchange
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Number	Name (Date of Birth)	Career summary, positions and responsibilities, and significant concurrent positions	Number of the Company's shares held
1	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Reelection</div> Mikio Toyoda (April 11, 1957)	Apr. 1981 Joined the Company Jun. 2012 Director, General Manager, Fujioka Factory, the Company Oct. 2014 Director, General Manager, Fujioka Factory, Equipment Products Development Center Jun. 2015 Director and Executive Officer, General Manager, Fujioka Factory, Equipment Products Development Center Jun. 2016 Director and Executive Officer, Executive Manager, Corporate Strategy Headquarters, Equipment Products Development Center Jun. 2017 President and CEO, Equipment Products Development Center Jun. 2019 President and CEO To the present	4,607 shares
<p>[Significant concurrent positions] There is no items to report.</p> <p>[Reasons for nomination as a candidate for Director] Mr. Mikio Toyoda serves as the President and CEO of the Company after serving as factory general manager, General Manager of the Equipment Products Development Center and Executive Manager of Corporate Strategy Headquarters. As a result, the Company has judged that he is an appropriate person to promote growth strategies of the Group as the senior executive based on his wealth of experience and insight, and requests his continued election as a Director of the Company.</p> <p>[Interests in the Company] There is no special interest between Mr. Toyoda and the Company.</p>			
2	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Reelection</div> Takao Shimizu (September 28, 1953)	Apr. 1976 Joined the Company Apr. 2008 Measurement Technology Development Center Jun. 2009 Director, Measurement Technology Development Center Apr. 2011 Director, R&D Center Jun. 2012 Director, R&D Center, General Manager, SST Division Jun. 2013 Director and Executive Officer, R&D Center, General Manager, SST Division Jun. 2014 Director and Executive Officer, R&D Center Jun. 2015 Director and Executive Officer, R&D Center Jun. 2017 Director and Executive Officer, R&D Center, General Manager, Kuki Factory Feb. 2018 Director and Executive Officer, General Manager, Kuki Factory Oct. 2021 Director and Executive Officer, In charge of Group Technical Management, Director, Innovation Center To the present	7,588 shares
<p>[Significant concurrent positions] President of AR'S Corporation Limited President of ASAKAWA LENS WORKS CO., LTD.</p> <p>[Reasons for nomination as a candidate for Director] Mr. Takao Shimizu has extensive experience and insight including his service as factory and R&D Center general manager. As a result, the Company has judged that he is an appropriate person to promote production innovation of the Group, and requests his continued election as a Director of the Company.</p> <p>[Interests in the Company] The Company has a business relationship, including the purchase of products, with AR'S Corporation Limited where Mr. Takao Shimizu concurrently serves as the Representative Director. The Company has a business relationship including the purchase of parts and materials with ASAKAWA LENS WORKS CO., LTD. where Mr. Takao Shimizu concurrently serves as the Representative Director.</p>			

Number	Name (Date of Birth)	Career summary, positions and responsibilities, and significant concurrent positions	Number of the Company's shares held
3	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Reelection</div> Akihiko Nishiguchi (August 24, 1959)	Apr. 1982 Joined the Company Oct. 2010 Deputy Branch Manager, Osaka Branch, Osaka Sales Office Manager Jun. 2011 Director, Branch Manager, Osaka Branch Jun. 2013 Director, Branch Manager, Osaka Branch, Chinese Business Division Feb. 2014 Director, Managing Director, SHANGHAI DAHUA-CHINO INSTRUMENT Co., LTD. (seconded) Jun. 2015 Corporate Officer, Managing Director, SHANGHAI DAHUA-CHINO INSTRUMENT Co., LTD. (seconded) Jun. 2019 Director and Executive Officer, Chinese Business Division, Managing Director, SHANGHAI DAHUA-CHINO INSTRUMENT Co., LTD. (seconded) Mar. 2021 Director and Executive Officer, Chinese Business Division Director and Executive Officer, Executive Manager, Jun. 2021 Overseas Business Headquarters, Executive Manager, Sales Headquarters Apr. 2022 Director and Executive Officer, Executive Manager, Sales Headquarters, Branch Manager, Eastern Japan Branch To the present	4,871 shares
[Significant concurrent positions] There is no items to report. [Reasons for nomination as a candidate for Director] Mr. Akihiko Nishiguchi has abundant experience and insight as the general manager of the Osaka Branch and in charge of the China business of the Company, and we believe that he is an appropriate person to lead the expansion and globalization of the Group's business, and have therefore nominated him as a candidate for director. [Interests in the Company] There is no special interest between Mr. Nishiguchi and the Company.			
4	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Reelection Outside</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent</div> Tatsuyoshi Yoshiike (May 9, 1952)	Mar. 1975 Joined HIOKI E.E. CORPORATION Mar. 2005 President, HIOKI E.E. CORPORATION Jan. 2013 Chairman, HIOKI E.E. CORPORATION Jun. 2015 Outside Director, the Company Jun. 2016 Outside Director, Shinko Shoji Co., Ltd. To the present	—
[Significant concurrent positions] Outside Director, Shinko Shoji Co., Ltd. [Reasons for nomination as a candidate for Outside Director and expected roles] Mr. Tatsuyoshi Yoshiike has deep insight in business management cultivated through his extensive experience as a company manager and has played an important role in strengthening governance by providing opinions and suggestions on the overall management of the Group. As a result, the Company requests his continued election as an Outside Director of the Company, expecting that he will supervise the Company's management from an independent position. [Interests in the Company] There is no special interest between Mr. Yoshiike and the Company.			

Number	Name (Date of Birth)	Career summary, positions and responsibilities, and significant concurrent positions	Number of the Company's shares held				
5	<table border="1"> <tr> <td>Reelection</td> <td>Outside</td> </tr> <tr> <td>Independent</td> <td></td> </tr> </table> <p>Kazuo Ikuta (September 4, 1946)</p>	Reelection	Outside	Independent		<p>Jul. 1991 Secretary General, Japan Measuring Instruments Federation</p> <p>May 1998 Executive Director and Secretary General, Japan Measuring Instruments Federation</p> <p>May 2008 Senior Executive Director, Japan Measuring Instruments Federation</p> <p>May 2014 Special Adviser, Japan Measuring Instruments Federation</p> <p>Jun. 2016 Outside Director, the Company To the present</p>	2,000 shares
Reelection	Outside						
Independent							
	<p>[Significant concurrent positions] There is no items to report.</p> <p>[Reasons for nomination as a candidate for Outside Director and expected roles] Mr. Kazuo Ikuta has deep insight through his extensive experience of being committed to the development of the measuring instruments industry in Japan and the sophistication of measuring instruments and has played an important role by providing useful suggestions on the management of the Group. As a result, the Company requests his continued election as an Outside Director of the Company, expecting that he will supervise the Company's management from an independent position.</p> <p>[Interests in the Company] There is no special interest between Mr. Ikuta and the Company.</p>						
6	<table border="1"> <tr> <td>New Appointment</td> <td>Outside</td> </tr> <tr> <td>Independent</td> <td></td> </tr> </table> <p>Yukinobu Miki (August 16, 1953)</p>	New Appointment	Outside	Independent		<p>Apr. 2010 Director, Research Institute of Metrology, National Institute of Advanced Industrial Science and Technology</p> <p>Apr. 2012 Director, National Institute of Advanced Industrial Science and Technology</p> <p>Apr. 2017 Vice President, National Institute of Advanced Industrial Science and Technology</p>	—
New Appointment	Outside						
Independent							
	<p>[Significant concurrent positions] There is no items to report.</p> <p>[Reasons for nomination as a candidate for Outside Director and expected roles] Mr. Yukinobu Miki has a high level of insight in the field of measurement technology, which he has gained through his experience at the National Institute of Advanced Industrial Science and Technology (AIST), where he has held a number of important positions. He is nominated as a candidate for Outside Director of the Company in the expectation that he will provide useful suggestions on the management of the Group and supervise the Company's management from an independent position.</p> <p>[Interests in the Company] There is no special interest between Mr. Miki and the Company.</p>						

- (Notes) 1. Mr. Tatsuyoshi Yoshiike, Mr. Kazuo Ikuta and Mr. Yukinobu Miki are candidates for Outside Directors.
2. The Company has designated Outside Directors Mr. Tatsuyoshi Yoshiike and Mr. Kazuo Ikuta as independent directors as stipulated by the Tokyo Stock Exchange, and Mr. Yukinobu Miki as a candidate for independent director, and has notified the Tokyo Stock Exchange of their designation.
3. The number of the Company's shares held by each candidate includes their equity interest in the chuno officer's stock ownership plan.
4. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Articles of Incorporation of the Company has a provision stipulating that the Company may enter into agreements with Outside Directors to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act, and the Company has entered into the agreement for limitation of liability with each Current Outside Director. If the reelection of Mr. Tatsuyoshi Yoshiike and Mr. Kazuo Ikuta is approved, the Company intends to continue the agreements with them. If the appointment of Mr. Yukinobu Miki is approved, the Company plans to enter into a similar liability limitation agreement with him.
- The maximum amount of liability for damages shall be the minimum amount provided for in Article 425, Paragraph 1 of the Companies Act when an Outside Director performs his duties in good faith and without gross negligence.

(Reference) Skills expected of Directors

At a Board of Directors meeting held on December 9, 2021, we established the skills that the Board of Directors should possess in order to realize the Company's Corporate Philosophy and the management vision set forth in Mid-term Management Plan, and has identified the skills expected of each Director as follows.

Name	Job title	Corporate management	Global business	Sales, marketing	Manufacturing, research and development	IT/Digital	Legal affairs/ Risk Management	Finance/ Accounting
Mikio Toyoda	President and CEO	●	●		●	●	●	
Takao Shimizu	Director and Executive Officer	●	●		●	●		
Akihiko Nishiguchi	Director and Executive Officer	●	●	●				●
Tatsuyoshi Yoshiike	Outside Director	●		●			●	●
Kazuo Ikuta	Outside Director	●	●				●	●
Yukinobu Miki	Outside Director	●	●		●		●	

* Mark "●" for up to 4 of the skills expected of each director (excluding representative director)

Proposal 3: Election of Accounting Auditor

The term of office of the Accounting Auditor ARC LLC will expire at the conclusion this annual shareholder's meeting, and Company therefore requests approval for the appointment of Nakachi & Co.

This proposal is based on the decision of the Audit & Supervisory Board.

The Audit & Supervisory Board selected Nakachi & Co. as a candidate for the position of Accounting Auditor having comprehensively considered the professional capabilities and independence required of an Accounting Auditor and understanding of the business areas in which we operate, etc. Consequently, we have judged the firm to be appropriate as the Company's Accounting Auditor to provide a system to ensure that the Company's accounting audits are conducted properly and appropriately

The profile of the candidate for the Company's Accounting Auditor is provided below.

(As of May 1, 2022)

Name	Nakachi & Co.		
Location	7th Floor, Yurakucho Denki North Building 1-7-1, Yurakucho, Chiyoda-ku, Tokyo, Japan		
Establishment	August 1997		
General corporate description	Number of employees	Advisors	2
		Representative partners	4
		Partners	3
		Employees (CPA)	17
		(Other)	3
		Total	29
	Number of clients	4 Companies	

Proposal 4: Presentation of Retirement Benefits to Retiring Directors and Granting of Final Retirement Benefits to Directors and Corporate Auditors in Conjunction with Abolishment of Retirement Benefits System for Officers

1. Presentation of retirement benefits

Director Koichi Yoshida will leave office at the conclusion of this Ordinary General Meeting of Shareholders due to the expiration of his term of office. Therefore, the Company proposes the presentation of retirement benefits to him to the extent reasonable in accordance with standards set by the Company to reward him for his distinguished service during his term.

2. Granting of final retirement benefits

As part of its review of officers' remuneration system, the Company resolved at the Board of Directors meeting held on April 28, 2022 to abolish the officers' retirement benefits system at the conclusion of this Ordinary General Meeting of Shareholders.

In conjunction with this decision, the Company proposes to grant final retirement benefits to eligible Directors and Corporate Auditors in reasonable amounts in accordance with certain standards set forth in the internal rules of the Company, in order to reward them for their distinguished service during their term and up to the conclusion of this Ordinary General Meeting of Shareholders, subject to the approval of Proposal 2 "Election of Six (6) Directors" as proposed.

3. Date and method of payment

The payment of retirement benefits and the granting of final retirement benefits will be made upon the retirement of each Director and each Corporate Auditor. The Company also requests approval for the delegation of the determination of specific amounts, payment method, etc. respectively to the Board of Directors for each Director and to the Board of Corporate Auditors for each Corporate Auditor.

Career summaries of the retiring Directors and that of the Directors and Corporate Auditors eligible for receiving final retirement benefits are as follows.

Retiring Directors

Name	Brief personal record	
Koichi Yoshida	Jun. 2006	Director of the Company
	Jun. 2017	Director and Senior Executive Officer (present post)

Directors and Corporate Auditors to be eligible for termination of retirement benefits

Name	Brief personal record	
Mikio Toyoda	Jun. 2012	Director of the Company
	Jun. 2017	President (present post)
Takao Shimizu	Jun. 2009	Director of the Company
	Jun. 2015	Director and Executive Officer (present post)
Akihiko Nishiguchi	Jun. 2011	Director of the Company
	Jun. 2019	Director and Executive Officer (present post)
Tatsuyoshi Yoshiike	Jun. 2015	Outside Director of the Company (present post)
Noriyuki Saito	Jun. 2001	Director of the Company
	Jun. 2017	Full-time Auditor (present post)
Ryusaburo Harasawa	Jun. 2011	Outside Auditor of the Company (present post)

Proposal 5: Revision of Remuneration, etc. for Directors and Introduction of Restricted Stock Remuneration Plan for Directors (excluding Outside Directors)

1. Revision of compensation, etc. for Directors

Although the 76th Ordinary General Meeting of Shareholders held on June 28, 2012 approved an amount of remuneration, etc. for Directors of no more than 168 million yen per year (provided, however, that this excluded the employee-portion salary of Directors), we now ask for a revision of the said amount to no more than 250 million yen per year (provided, however, this will exclude the employee-portion salary of Directors) in consideration of the review of the officers' remuneration system with the aim of promoting the Company's sustained growth, changes in the business environment, and other factors.

The Company judges that this Proposal is appropriate because it has been determined by the Board of Directors based on deliberations at the Nomination and Remuneration Advisory Committee, by comprehensively considering the scale of its business, the officers' remuneration system, the level of remuneration, current number of officers, future trends, and other factors.

Moreover, the Company plans that remuneration packages for Directors, excluding Outside Directors, will consist of a fixed sum base remuneration, performance-linked remuneration based on the results for each business year, and stock compensation for which we ask for approval under Item 2 of this Proposal. Remuneration for Outside Directors will consist solely of base remuneration to reflect the independence of their duties.

The number of Directors of the Company is 6 (including 2 Outside Directors) and if Proposal 2 is approved without modification, the number of Directors will be 6 (including 3 Outside Directors).

2. Introduction of a restricted stock compensation plan

As part of the review of officers' compensation system, the Company proposes to introduce a remuneration system (the "Remuneration System") based on which Directors (excluding Outside Directors; hereinafter, "Eligible Directors") will be allotted common shares of the Company's stock whose transfer will be restricted during a certain period and whose acquisition by the Company for no consideration will be allowed under certain conditions, among other things ("Restricted Stock"), for the purpose of providing incentives to achieve a continuous improvement in corporate value and to further facilitate the sense of sharing value between Directors and shareholders. Details are as follows.

At this General Meeting of Shareholders, the Company asks for the approval of shareholders regarding the introduction of the Remuneration System as well as the establishment of an aggregate amount of monetary compensation claims of no more than 40 million yen per year, which will be paid to Eligible Directors as compensation related to Restricted Stock, separately from the maximum remuneration for Directors of 250 million yen, with respect to which the Company requests for the shareholders' approval in Item 1 of this Proposal.

(1) Allotment of and payment for Restricted Stock

Under the Remuneration System, Eligible Directors will be granted monetary compensation claims as remuneration related to Restricted Stock within the limit of the annual amount stated above, and all of the said monetary compensation claim will be granted by way of contribution in kind.

The amount paid for Restricted Stock shall be determined by the Board of Directors of the Company based on the closing price of the Company's common shares at the Tokyo Stock Exchange on the business day immediately before the day on which resolutions are made at a meeting of the Board of Directors (or the closing price on the immediately preceding day if no trades are made on this day), to the extent that the amount is not particularly advantageous to the Eligible Directors who will subscribe for Restricted Stock. In addition, the monetary compensation claims shall be granted on the condition that the Eligible Directors agree to the above in-kind contribution and conclude a restricted stock allotment agreement that includes the contents specified in (3) below.

(2) Total number of Restricted Stock

The maximum number of shares to be allotted to Eligible Directors will be 26,000 shares per business year. However, if, after the day on which a resolution is passed to adopt this Proposal, there is a share split or a consolidation of shares of the Company's common stock, or any other similar event requiring adjustment to the total number of Restricted Stock to be allotted, the total number of Restricted Stock to be allotted may be adjusted reasonably.

(3) Details of the restricted stock allotment agreement

The restricted stock allotment agreement to be concluded between the Company and the Eligible Directors who will receive the allotment of Restricted Stock shall include the following.

(i) Details of transfer restrictions

No Eligible Directors to whom Restricted Stock is allotted may transfer the shares to a third party, establish a pledge or security by way of assignment, and conduct advancement or bequeathment or any other act of disposition regarding shares of the Company's common stock allotted ("Allotted Shares") in accordance with an agreement on allotment of restricted stock, during the period from the day of allotment until the day when the Eligible Director resigns both as Director and as Corporate Officer of the Company ("Transfer Restriction Period").

(ii) Lifting of the transfer restrictions

The Company will terminate the transfer restrictions on all the Allotted Shares held by an Eligible Director upon expiry of the Transfer Restriction Period, on the condition that the said Eligible Director has continuously held the position of Director or Corporate Officer of the Company during the period determined by the Board of Directors ("Service Rendering Period"); provided, however, if the said Eligible Director resigns both as Director and as Corporate Officer of the Company during the Service Rendering Period for reasons considered to be justifiable by the Board of Directors, the Company will make reasonable adjustments as necessary regarding the termination of transfer restrictions on the number of Allotted Shares and the timing for terminating the restrictions.

(iii) Acquisition of Restricted Stock without compensation

In addition, if there are any of the Allotted Shares for which the transfer restrictions have not been lifted based on the provisions of the reasons for the lifting of transfer restrictions set forth in (ii) above when the Transfer Restriction Period set forth in (i) above has expired, the Company shall naturally acquire such shares without consideration.

(iv) Handling in the case of organizational restructuring, etc.

In the event of the approval by the General Meeting of Shareholders of a merger agreement under which the Company will cease to exist, a share exchange agreement or a share transfer plan under which the Company will become a wholly owned subsidiary of another company, or other matters related to organizational restructuring, etc. during the Transfer Restriction Period (in cases in which organizational restructuring, etc. does not require approval by a general meeting of shareholders, approval by the Board of Directors), the Company will terminate, prior to the effective date of the said organizational restructuring, etc., transfer restrictions on the number of Allotted Shares that will be reasonably determined by resolution of the Board of Directors based on the period from the day when the Service Rendering Period commences until the day when the said organizational restructuring, etc. is approved. In the case provided for above, the Company shall naturally acquire the Allotted Shares on which the transfer restrictions have not yet been lifted without compensation, immediately after the transfer restrictions have been lifted.

(v) Other matters

Other matters concerning the allotment agreement shall be set forth by the Board of Directors of the Company.

3. Reason why it is appropriate to grant Restricted Stock

The Company judges that this Proposal is appropriate because it aims to provide Eligible Directors incentives to achieve a continuous improvement of corporate value while further facilitating the sense of sharing value between Directors and shareholders, and because the maximum number of shares to be issued to Eligible Directors per business year will be no more than 0.28% of the total number of outstanding shares (as of March 31, 2022).

Moreover, this Proposal was determined by the Board of Directors based on deliberations at the Nomination and Remuneration Advisory Committee.

Contingent upon approval of this Proposal, the Company plans to revise the "Policy on Determining Details of Individual Remuneration, etc. of Directors" on pages 31 and 32 of the business report.

(For reference)

If the Proposal is approved at the General Meeting of Shareholders, the Company will allot Restricted Stock similar to those under the Remuneration System also to the Corporate Officers of the Company.

Proposal 6: Revision of the amount remuneration for Audit & Supervisory Board Members

The amount of monetary compensation for Corporate Auditors of the Company was approved at the 76th General Meeting of Shareholders held on June 28, 2012 to be within 30 million yen per year. Since then, the duties and responsibilities of Corporate Auditors have been increasing in tandem with the growing significance of corporate governance and compliance in response to business expansion. Accordingly, the Company proposes to revise the amount of remuneration of Corporate Auditors to no more than 50 million yen, taking into consideration the abolition of the officers' retirement benefits system, changes in the officers' remuneration system, and other factors.

Please note that the number of Corporate Auditors will not change after the conclusion of the Ordinary General Meeting of Shareholders from the current number of three.