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Securities Code: 7718  
March 10, 2025

**Dear Shareholders with Voting Rights:**

STAR MICRONICS CO., LTD.  
20-10, Nakayoshida, Suruga-ku,  
Shizuoka-shi, Shizuoka Prefecture,  
Japan

### **NOTICE OF THE 100th ORDINARY GENERAL MEETING OF SHAREHOLDERS**

You are cordially notified of the 100th Ordinary General Meeting of Shareholders of STAR MICRONICS CO., LTD. (“the Company”) to be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights by paper ballot or via the Internet. Please review the Reference Documents for General Meeting of Shareholders and exercise your voting rights by 5:00 p.m. on Wednesday, March 26, 2025.

Very truly yours,

Mamoru Sato  
President and CEO

#### **The 100th Ordinary General Meeting of Shareholders**

- 1. Date and Time:** 10:00 a.m., Thursday, March 27, 2025.  
(Reception starts at 9:00 a.m.)
- 2. Place:** Conference Room, Head Office of the Company  
20-10, Nakayoshida, Suruga-ku, Shizuoka-shi, Shizuoka Prefecture
- 3. Agenda of the Meeting:**
  - Matters to be reported:**
    1. Business Report, Consolidated Financial Statements for the 100th Fiscal Term (from January 1, 2024 to December 31, 2024) and results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements
    2. Non-consolidated Financial Statements for the 100th Fiscal Term (from January 1, 2024 to December 31, 2024)

#### **Proposals to be resolved:**

- Proposal 1:** Partial Amendments of the Articles of Incorporation
- Proposal 2:** Election of four (4) Directors (excluding Directors who serve as Audit and Supervisory Committee Members)
- Proposal 3:** Revisions to Stock Compensation Plan for Directors (excluding Directors who serve as Audit and Supervisory Committee Members and Outside Directors)

- ⊙ If you submit your Voting Rights Exercise Form without indicating your approval or disapproval of each proposal, it will be treated as an indication of approval.
- ⊙ For those attending, please present the enclosed Voting Rights Exercise Form at the reception desk on arrival at the meeting.
- ⊙ If there is any modification in the Reference Documents for General Meeting of Shareholders, Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements, the modified matter will be posted on our Internet website (<https://www.star-m.jp/eng/index.html>).

#### **■ Notice regarding dividend of surplus**

In accordance with Paragraph 1, Article 459 of the Companies Act, The Company has stipulated in Article of Incorporation that dividends from retained earnings, etc. may be determined by a resolution of the Board of Directors.

At the meeting of the Board of Directors held on February 21, 2025, the Company resolved to pay year-end cash dividends for the 100th Fiscal Term (from January 1, 2024 to December 31, 2024) as follows, based on this provision of the Articles of Incorporation.

1. year-end cash dividend                                    ¥30 per share (¥60 including interim dividend)
2. Effective date and starting date of dividend payments    Tuesday, March 11, 2025

## Reference Documents for General Meeting of Shareholders

### Proposal 1: Partial Amendments of the Articles of Incorporation

#### 1. Reasons for Amendment

In order to clearly define the roles of Directors and Executive Officers, clarify management responsibility, further accelerate business execution, and enhance the supervisory functions of the Board of Directors, the Company shall abolish Directors with executive roles, with the exception of some roles, and replace them with executive positions under the Executive Officer system. As a result, necessary revisions will be made to Article 14 (Person Entitled to Convene Meetings and Chairman), Article 21 (Representative Directors), and Article 22 (Executive Directors) in the current Articles of Incorporation, and the number of articles will be reduced accordingly.

#### 2. Details of Amendment

Details of the proposed amendment are as follows. The amended Articles of Incorporation will become effective at the close of this Ordinary General Meeting of Shareholders.

(Amendment shown by the underlines.)

Current Articles of Incorporation	Proposed Amendments
<p>CHAPTER III GENERAL MEETINGS OF SHAREHOLDERS</p> <p>Article 12. – Article 13. (Omitted) (Person Entitled to Convene Meetings and Chairman)</p> <p>Article 14. <u>The President and CEO</u> shall convene a General Meeting of Shareholders and shall act as chairman thereof. Should <u>the President and CEO</u> be unable to act, one of the other Directors, in the order fixed in advance by the Board of Directors, shall act in his place.</p> <p>Article 15. – Article 17. (Omitted)</p> <p style="text-align: center;">CHAPTER IV</p> <p>DIRECTORS AND THE BOARD OF DIRECTORS</p> <p>Article 18. – Article 20. (Omitted) (Representative Directors)</p> <p>Article 21. The President and CEO shall convene a General Meeting of Shareholders and shall act as chairman thereof. Should the President and CEO be unable to act, one of the other Directors, in the order fixed in advance by the Board of Directors, shall act in his place.  (Newly established)</p>	<p>CHAPTER III GENERAL MEETINGS OF SHAREHOLDERS</p> <p>Article 12. – Article 13. (Unchanged) (Person Entitled to Convene Meetings and Chairman)</p> <p>Article 14. <u>A Director selected in advance by the Board of Directors</u> shall convene a General Meeting of Shareholders and shall act as chairman thereof. Should <u>the Director</u> be unable to act, one of the other Directors, in the order fixed in advance by the Board of Directors, shall act in his place.</p> <p>Article 15. – Article 17. (Unchanged)</p> <p style="text-align: center;">CHAPTER IV</p> <p>DIRECTORS AND THE BOARD OF DIRECTORS</p> <p>Article 18. – Article 20. (Unchanged) (Representative Directors <u>and Directors with Executive Roles</u>)</p> <p>Article 21. The President and CEO shall convene a General Meeting of Shareholders and shall act as chairman thereof. Should the President and CEO be unable to act, one of the other Directors, in the order fixed in advance by the Board of Directors, shall act in his place.</p> <p><u>2. The Board of Directors shall, by resolution, appoint a Chairman of the Board from among the Directors (excluding Directors who serve as an Audit and Supervisory Committee Member).</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>(Executive Directors)  <u>Article 22. The Board of Directors may appoint, by resolution, one Chairman of the Board and President and CEO, and one or more Senior Managing Directors and Managing Directors from among Directors (excluding Directors who serve as an Audit and Supervisory Committee Member); provided, however, that the President and CEO shall be appointed from among the Representative Directors.</u></p> <p><u>Article 23. – Article 36.</u> (Omitted)</p>	<p>(Deleted)</p> <p><u>Article 22. – Article 35.</u> (Unchanged)</p>

**Proposal 2: Election of four (4) Directors (excluding Directors who serve as Audit and Supervisory Committee Members)**

The terms of office of all of four (4) Directors (here and hereafter in this proposal, excluding Directors who serve as Audit and Supervisory Committee Members) will expire at the conclusion of this meeting. Accordingly, election of the following four (4) Directors is proposed.


The Nominees for Directors have been approved by the Board of Directors after deliberation by the Nomination and Compensation Committee, the majority of whom shall be Independent Outside Directors.

Moreover, for this proposal, we have received opinions from the Audit and Supervisory Committee that all nominees for Directors are qualified.

The nominees for Directors are as follows:

No.	Name (Date of Birth)	Career summary, status and assignment at the Company, and important concurrent positions	Number of shares of the Company held
1.	Reelection  Mamoru Sato (January 5, 1960)  	July 1984 Enters the Company as an employee June 2004 Executive Manager, Sales and Marketing Department, Special Products Division May 2008 Director of the Company Deputy General Manager, Special Products Division March 2009 General Manager, Special Products Division March 2012 Executive Officer of the Company Senior Vice General Manager, General Administration Headquarters (currently Corporate Headquarters) May 2012 General Manager, General Administration Headquarters (currently Corporate Headquarters) May 2014 Managing Director of the Company March 2017 Representative Director, President and CEO of the Company (to present)	122,900
<p>[Reasons for deciding a nominee for a Director]                      In addition to his extensive experience and track record gained while carrying out business execution at the Special Products Division and the Headquarters Division, Mr. Mamoru Sato possesses knowledge of management gained primarily from his experience engaging in management as a Managing Director for both of these organizations. Also, from March 2017, as President and CEO, based on global insights gained from overseas experience, he has been the driving force in the overall management of the Group. For these reasons, the Company judges that he is eligible to be a Director of the Company, and would like to reelect him as a Director.</p>			

No.	Name (Date of Birth)	Career summary, status and assignment at the Company, and important concurrent positions	Number of shares of the Company held
2.	Reelection Yasunao Sasai (April 19, 1960) 	April 1983 Enters the Company as an employee June 2011 Executive Manager, Sales and Marketing Department, Machine Tools Division March 2014 Executive Manager, Development Department, Machine Tools Division March 2015 Executive Officer of the Company Senior Vice General Manager, Machine Tools Division March 2017 General Manager, Machine Tools Division July 2019 Senior Executive Officer of the Company January 2020 Executive Manager, Business Planning Department, Machine Tools Division March 2020 Managing Director of the Company (to present) January 2023 General Manager, Development Headquarters (to present)	40,300
<p>[Reasons for deciding a nominee for a Director]</p> <p>Mr. Yasunao Sasai possesses extended experience and track record gained through business execution at the Machine Tools Division for a long period of time, and has shown leadership and contributed toward the increase of earnings for the Machine Tools Division. Also, from March 2020, as a Managing Director, he has been possessed knowledge of management with regard to our Machine Tools Division and Special Products Division, and in the creation of new businesses as General Manager of the Development Headquarters from January 2023. For these reasons, the Company judges that he is eligible to be a Director of the Company, and would like to reelect him as a Director.</p>			

No.	Name (Date of Birth)	Career summary, status and assignment at the Company, and important concurrent positions	Number of shares of the Company held
3.	Reelection Seigo Sato (November 6, 1980) 	April 2003 Enters the Company as an employee December 2017 Executive Manager, Sales and Marketing Department, Special Products Division January 2020 Executive Officer of the Company Senior Vice General Manager, Special Products Division Executive Manager, Sales and Marketing Department, Special Products Division January 2021 Senior Vice General Manager, General Administration Headquarters (currently Corporate Headquarters) Executive Manager, General Affairs and Human Resources Department, General Administration Headquarters (currently Corporate Headquarters) January 2022 Senior Executive Officer of the Company General Manager, General Administration Headquarters (currently Corporate Headquarters) (to present), Executive Manager, General Affairs and Human Resources Department, General Administration Headquarters (currently Corporate Headquarters) March 2024 Managing Director of the Company (to present)	100,300
<p>[Reasons for deciding a nominee for a Director]</p> <p>Mr. Seigo Sato has a global perspective, having been posted overseas assignments while working in the Special Products Division, and has shown leadership and contributed toward the increase of earnings for the Special Products Division. From January 2022, as a General Manager of General Administration Headquarters (currently Corporate Headquarters), he has been working to improve our corporate value in concrete ways, including the realization of our corporate philosophy and the improvement of our corporate culture based on Purpose.</p> <p>Also, from March 2024, as a Managing Director, he has led the formulation of Second Medium-Term Management Plan. As he can be expected to utilize the experience and knowledge he has gained thus far in overall management of the Company's group, the Company judges that he is eligible to be a Director of the Company, and would like to reelect him as a Director.</p>			

No.	Name (Date of Birth)	Career summary, status and assignment at the Company, and important concurrent positions	Number of shares of the Company held
4.	<p>New election Outside Independent</p> <p>Mikio Katayama (December 12, 1957)</p> 	<p>April 2006 Representative Director and Senior Managing Director, Sharp Corporation</p> <p>April 2007 President and Representative Director, Sharp Corporation</p> <p>April 2012 Chairman of the Board of Directors, Sharp Corporation</p> <p>October 2014 Vice Chairman and Chief Technology Officer (CTO), Nidec Corporation</p> <p>June 2015 Representative Director and Vice Chairman, Chief Technology Officer (CTO), Nidec Corporation</p> <p>June 2020 Vice President and Chief Technology Officer (CTO), Nidec Corporation</p> <p>October 2021 Special Advisor, Nidec Corporation</p> <p>April 2022 Research Advisor, Institute of Industrial Science, University of Tokyo (to present)</p> <p>April 2022 President and CEO, Kconcept Corporation (to present)</p> <p>September 2022 Advisor, Yoshimoto Integrated Fund Co., Ltd. (to present)</p> <p>March 2023 Outside Director, Roland Corporation (to present)</p> <p>June 2023 Outside Director, SRS Holdings Co., Ltd. (to present)</p> <p>(Important concurrent positions) President and CEO, Kconcept Corporation Outside Director, Roland Corporation Outside Director, SRS Holdings Co., Ltd.</p>	0
<p>[Reasons for deciding a nominee for an Outside Director and expected roles] Mr. Katayama Mikio has served as representative director of several listed companies. The Company would like to elect him as a new Outside Director as it expects that he will utilize his abundant experience and broad knowledge as a business manager in the Company's adequate decision making process and supervision of the Directors' business execution. Furthermore, if he is elected, the Company expects him to be a member of the Nomination and Compensation Committee, and make remarks and provide proposals from an objective and neutral standpoint with regard to deliberations related to the selection of candidates for officer of the Company and Directors' compensation.</p>			

Notes:

1. No conflict of interest exists between the Company and the above nominees for Directors.
2. Mr. Mikio Katayama is a nominee for an Outside Director.
3. If this proposed agenda pass, the Company would designate to the Tokyo Stock Exchange, Inc. that Mr. Mikio Katayama is an Independent Director as set forth in the Regulations of the Tokyo Stock Exchange.
4. If this proposed agenda pass, the Company will enter into an agreement with Mr. Mikio Katayama to limit liability due to negligence of duties, pursuant to the provisions of paragraph 1, Article 427 of the Companies Act; provided, however, that the limit on liability under the relevant agreement shall be an amount set forth by law.
5. The Company has taken out a directors and officers liability insurance policy with an insurance company as provided for in paragraph 1, Article 430-3 of the Companies Act, and plans to renew it with the same details in March 2022. This policy shall compensate for damages that may arise because insured directors and executive officers are liable for the execution of their duties or are claimed for pursuing such liability, and insurance premiums shall be borne in full by the Company for all insureds including the portion of special provisions. Mr. Mamoru Sato, Mr. Yasunao Sasai and Mr. Seigo Sato are already insureds under this insurance policy, and should this proposed agenda pass in its original form, they will continue to be insureds, and Mr. Mikio Katayama will be included as an insured.

### **Proposal 3: Revisions to Stock Compensation Plan for Directors (excluding Directors who serve as Audit and Supervisory Committee Members and Outside Directors)**

At the 91st Ordinary General Meeting of Shareholders held on May 26, 2016, the amount of compensation, etc. paid to Directors (excluding Directors who serve as Audit & Supervisory Committee Members) was approved as no more than ¥300 million annually (including ¥20 million annually for Outside Directors). In addition to this amount, at the 96th Ordinary General Meeting of Shareholders held on March 25, 2021 (the “96th Ordinary General Meeting of Shareholders”), it was approved that Directors (excluding Directors who serve as Audit & Supervisory Committee Members and Outside Directors; “Eligible Directors”) shall receive compensation of no more than ¥20 million annually for stock options (total number of shares to be issued upon exercise of stock options within one year from the date of the Ordinary General Meeting of Shareholders for each fiscal year shall not exceed 60,000 shares), and compensation of no more than ¥80 million annually as compensation for the grant of restricted stock (total number of shares of the Company’s common stock to be issued or disposed relating to the restricted stock acquisition rights shall not exceed 200,000 shares annually).

The Company has decided to review its stock compensation plan, and is requesting shareholder approval to revise the maximum amount and the maximum number of shares granted under the Restricted Stock Compensation Plan (“Plan I”) approved at the 96th Ordinary General Meeting of Shareholders, and to introduce a new Performance-linked Restricted Stock Compensation Plan. If the proposal is approved, the above compensation plan for the grant of stock options shall be abolished and no new stock options will be granted, excluding those already granted.

Under this proposal, the granting of Restricted Stock shall be made either (1) through the granting of monetary receivables to Eligible Directors, with the Eligible Directors contributing all of said monetary receivables as payment in kind for the issuance or disposition of the Company’s common stock, or (2) through the issuance or disposal of shares of the Company’s common stock without requiring payment of money or delivery of property as compensation to the Eligible Directors (“gratis delivery.”) In case (2) where monetary receivables are granted in kind, the amount to be paid per share for such issuance or disposal shall be determined by the Board of Directors based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution of each Board of Directors meeting (or, if no trading is conducted on that date, the closing price on the immediately preceding business day), to the extent that such amount will not be an amount that is particularly favorable to the Eligible Directors.

The current number of Eligible Directors is three (3), and will remain as three (3) if Proposal 2 is approved as proposed.

#### **I. Revisions to the Restricted Stock Compensation Plan**

At the 96th Ordinary General Meeting of Shareholders, a resolution was approved to grant shares with transfer restrictions to Eligible Directors until they retire from their positions on the Board of Directors, in order to provide them with incentives to continuously improve the corporate value of the Company and to further promote the sharing of value with shareholders (Restricted Stock Compensation Plan, referred to as “Plan I” below). However, taking into account the grant of restricted stock to date and the impact on share dilution, the Company proposes revisions to the maximum amount and the maximum number of shares of restricted stock granted under Plan I.

After the revisions, the total amount of monetary compensation to be paid for the grant of restricted stock shall not exceed ¥35 million annually, which the Company believes is a reasonable amount for the above purposes, while the total number of shares of the Company’s common stock to be issued or disposed shall not exceed 20,000 shares annually (however, in the event of a reverse stock split or stock split [including gratis allotment of shares] of the Company’s common stock after the approval of this proposal, the total number of shares shall be adjusted according to such ratio). The specific timing and allocation of payments to each Eligible Director shall be deliberated and decided by the Board of Directors, respecting the opinions of the Nomination and Compensation Committee.

Regarding Plan I, other than the proposed revisions to the maximum amount and the maximum number of shares as described above, and the addition of gratis allotment as a share delivery method, there are no changes to the existing plan. Additionally, there are no changes to the Restricted Stock Allocation Agreement (the “Allotment Agreement I”) concluded between the Company and Eligible Directors upon the issuance or disposal of the Company’s common stock under the Plan I, as described below. As before, if the Company records a net loss attributable to owners of parent in a fiscal year immediately before the relevant fiscal year, compensation under Plan I for granting Restricted Stock compensation to Eligible Directors shall not be issued within one year from the day of the Ordinary General Meeting of Shareholders for the relevant fiscal year.

##### **(1) Transfer restriction period**

Eligible Directors shall neither transfer the Company’s common stock allocated under the Restricted Stock Allocation Agreement (the “Allocated Stock I”), nor use it as collateral or for any other disposition of the Allocated Stock I (“Transfer Restriction I”) for a period from the date of payment on which the Company’s common stock is allocated under the Allocation Agreement I to the time immediately after the Eligible Director retires from the position predetermined by the



Company's Board of Directors ("Transfer Restriction Period I").

(2) Lifting of transfer restriction

Notwithstanding the provisions in (1) above, the Company shall lift transfer restrictions on all Allocated Stock I upon the expiration of the Transfer Restriction I for all the Allotted Stock I, on the condition that the Eligible Director continuously remains in the position specified in (1) above during a period predetermined by the Company's Board of Directors (the "Service Period I").

However, if the Eligible Director retires from the post specified in (1) above because of the expiration of the term of office, death or other justifiable reasons before the expiration of Service Period I, the number of Allocated Stock I subject to the lifting of the Transfer Restriction I and the time of the said lifting shall be reasonably adjusted as necessary. In addition, the Company shall acquire gratis all of the Allocated Stock I for which the Transfer Restriction I is not lifted, immediately after the Transfer Restriction I is lifted pursuant to the above provisions.

(3) Handling at the time of retirement

Notwithstanding the provisions of (2) above, if the Eligible Director retires from the position specified in (1) above during the Service Period I, the Company shall acquire the Allocated Stock I gratis upon his/her retirement, except in the case of expiration of the term of office, death or other justifiable reasons.

(4) Treatment upon reorganization, etc.

Notwithstanding the provisions in (1) above, if, during the Transfer Restriction Period I, a merger agreement in which the Company becomes a non-surviving company, a share exchange agreement or a share transfer plan under which the Company becomes a wholly-owned subsidiary of another company, or any other matters related to reorganization, etc. are approved at the Company's Ordinary General Meeting of Shareholders (or by the Board of Directors, if the approval of the Ordinary General Meeting of Shareholders is not required), then the Company shall reasonably adjust as necessary the number of Allocated Stock I for which restrictions are to be lifted and the timing of the lifting of the restrictions by a resolution of the Board of Directors, based on the period from the start of Transfer Restriction Period I until the approval date of such organizational restructuring, prior to the effective date of the organizational restructuring. In addition, in the above case, the Company shall acquire gratis all of the Allocated Stock I for which the Transfer Restriction I is not lifted, immediately after the Transfer Restriction I is lifted.

(5) Other matters

Other matters concerning the Allotment Agreement I shall be determined by the Company's Board of Directors.

## II. Introduction of Performance-linked Restricted Stock Compensation Plan

### 1. Outline of the plan

The Company proposes the introduction of a Performance-linked Restricted Stock Compensation Plan ("Plan II") to provide Eligible Directors with incentives to continuously improve the Company's corporate value, further promote the sharing of value with shareholders, and create a clearer link between Director compensation and the Company's business performance.

Plan II is a performance-linked stock compensation plan, under which the Company's Board of Directors shall determine the base number of shares, the performance evaluation period (the "Evaluation Period"), and the performance targets during the Evaluation Period. Performance share units shall be granted to Eligible Directors in the form of shares of the Company's common stock, calculated in accordance with the degree of achievement, etc. against the performance targets. Common stock granted will be subject to certain transfer restrictions. The Company's Board of Directors shall set the performance targets, including profit benchmarks and other indicators based on the Company's management policy.

Under Plan II, shares of the Company's common stock shall be delivered in accordance with the degree of achievement against the performance targets during the Evaluation Period, etc. It has not been determined which Eligible Directors shall be granted the Company's common stock or the number of shares to be delivered when the plan is introduced.

### 2. Maximum amount of compensation and maximum number of shares

Under Plan II, the total amount of monetary compensation to be paid to Eligible Directors for the grant of restricted stock shall not exceed ¥65 million annually, which the Company believes is a reasonable amount for the above purposes, while the total number of shares of the Company's common stock to be issued or disposed shall not exceed 57,000 shares annually (however, in the event of a reverse stock split or stock split [including gratis allotment of shares] of the Company's common stock after the approval of this proposal, the total number of shares shall be adjusted according to such ratio). The specific timing and allocation of payments to each Eligible Director shall be deliberated and decided by the Board of Directors, respecting the opinions of the Nomination and Compensation Committee.

### 3. Requirements for the delivery of shares, etc.

Under Plan II, shares of the Company's common stock shall be delivered to the Eligible Directors (including Eligible Directors newly appointed after the start of the Evaluation Period) upon completion of the Evaluation Period and fulfillment of the following requirements.

- (1) Confirmation that certain acts of misconduct as determined by the Company's Board of Directors have not been committed.
- (2) Fulfillment of other requirements determined by the Board of Directors as necessary to achieve the goals of the Performance-linked Restricted Stock Compensation Plan.

In addition, after the start of the Evaluation Period and before the delivery of the Company's shares, if (i) the Eligible Director dies, (ii) a merger agreement in which the Company becomes a non-surviving company, a share exchange agreement or a share transfer plan under which the Company becomes a wholly-owned subsidiary of another company, or any other matters related to reorganization, etc. are approved at the Company's Ordinary General Meeting of Shareholders (or by the Board of Directors, if the approval of the Ordinary General Meeting of Shareholders is not required), or (iii) the Company's Board of Directors finds that there is a justifiable reason, the Board of Directors may, as necessary, pay cash in an amount reasonably determined instead of the Company's shares of common stock at a time reasonably determined by the Board of Directors.

In addition, the Company has introduced a clawback clause, whereby if it is found that the Eligible Director has committed misconduct or that there is a material error in performance on which the stock grant was premised, etc., the Company may, by a resolution of the Board of Directors, demand that the Eligible Director return all or part of the shares or money within a certain period after the lifting of transfer restrictions.

#### 4. Details of transfer restrictions, etc.

The Restricted Stock Allocation Agreement (the "Allotment Agreement II") to be entered into between the Company and the Eligible Director upon the issuance or disposal of the Company's common stock under Plan II shall include, in outline, the following content (however, the Eligible Director and the Company may omit the Allotment Agreement II if the Eligible Director and the Company have already entered into an agreement with the same content at the time the plan comes into effect.

##### (1) Transfer restriction period

The Eligible Director shall neither transfer the Company's common stock allocated under the Restricted Stock Allocation Agreement (the "Allocated Stock II"), nor use it as collateral or for any other disposition of the Allocated Stock II ("Transfer Restriction II") for a period from the date of payment on which the Company's common stock is allocated under the Allocation Agreement II to the time immediately after the Eligible Director retires from the position predetermined by the Company's Board of Directors ("Transfer Restriction Period II").

##### (2) Lifting of transfer restriction

The Company shall lift Transfer Restriction II on all of the Allotted Stock II upon the expiration of Transfer Restriction Period II.

##### (3) Gratis acquisition

The Company shall automatically receive Allotted Stock II gratis if, during the Transfer Restriction Period II, the Eligible Director violates laws or regulations, internal rules, or the Allocation Agreement II, or meets certain criteria determined by the Board of Directors deeming it appropriate for the Company to receive Allotted Stock II gratis.

##### (4) Treatment upon reorganization, etc.

Notwithstanding the provisions in (1) above, if, during the Transfer Restriction Period II, a merger agreement in which the Company becomes a non-surviving company, a share exchange agreement or a share transfer plan under which the Company becomes a wholly-owned subsidiary of another company, or any other matters related to reorganization, etc. are approved at the Company's Ordinary General Meeting of Shareholders (or by the Board of Directors, if the approval of the Ordinary General Meeting of Shareholders is not required), then the Company shall lift Transfer Restriction Period II on all of the Allocated Stock II by a resolution of the Board of Directors, prior to the effective date of the organizational restructuring.

##### (5) Other matters

Other matters concerning the Allotment Agreement II shall be determined by the Company's Board of Directors.

[Reasons why the payment of compensation under this proposal is appropriate]

The purpose of the Stock Compensation Plan under this proposal is to provide Eligible Directors with incentives to continuously improve the Company's corporate value, further promote the sharing of value with shareholders, and create a clearer link between Director compensation and the Company's business performance. Under this proposal, the ratio of shares to be issued annually is

approximately 0.24% of the total number of shares outstanding (as of December 31, 2024), meaning dilution will be minimal.

Additionally, at a meeting of the Board of Directors on February 19, 2021, the Company approved the details of its Policy on Determining Individual Director Compensation, etc. If this proposal is approved, the Company intends to revise the policy in accordance with the content of this proposal and grant stock-based compensation as performance-linked compensation to Eligible Directors. The content of this proposal is necessary and appropriate for this purpose. The Nomination and Compensation Committee has deliberated on this proposal and the Audit & Supervisory Committee has reviewed it. The Audit & Supervisory Committee is of the opinion that no particular matters require attention.

The Company therefore believes that the payment of compensation under this proposal is appropriate.

(Reference)

[Prior to Revision]

Type of Stock-based compensation	Maximum Amount / Year	
Ordinary Stock Options	Not to exceed ¥20 million	SARs not to exceed 600 units (the equivalent of 60,000 shares)
Restricted Stock Compensation	Not to exceed ¥80 million	Not to exceed 200,000 shares

[After Revision (In the event that this proposed agenda pass)]

Type of Stock-based compensation	Maximum Amount / Year	
Ordinary Stock Options	No new stock options will be granted	
Restricted Stock Compensation	Not to exceed ¥35 million	Not to exceed 20,000 shares
Performance-linked Restricted Stock Compensation	Not to exceed ¥65 million	Not to exceed 57,000 shares

**(Reference)****Main experience, etc. of Director and Audit and Supervisory Committee Member (skill matrix)**

The Company nominates candidates for Directors in consideration of the balance of knowledge, experience and ability, as well as diversity. If Proposal of this meeting are approved and adopted as proposed, the main experience, etc. of each Director will be as follows.

Name	Status at the Company	Independent outside director	Gender	Nomination and Compensation Committee (◎ Chairman)	Main knowledge, experience and ability						
					Corporate management	Strategic planning,	Finance & accounting	Legal affairs, Compliance	Global	R&D	Sales, Marketing
Mamoru Sato	Representative Director, President and Chief Executive Officer		Male	◎	○	○	○	○	○		○
Yasunao Sasai	Director, Managing Executive Officer		Male			○				○	○
Seigo Sato	Director, Managing Executive Officer		Male			○	○	○	○		○
Mikio Katayama	Director	○	Male	○	○	○		○	○	○	○
Seiichi Nishikawa	Audit and Supervisory Committee Member (full-time)	○	Male	○		○	○		○		
Motoki Sugimoto	Audit and Supervisory Committee Member	○	Male	○			○				
Itsue Miyata	Audit and Supervisory Committee Member	○	Female	○				○			

End