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Securities code: 7745

June 7, 2024

(Start date of measures for electronic provision: June 3, 2024)

To Shareholders with Voting Rights:

Yasunobu Morishima
Representative Director
A&D HOLON Holdings Company,
Limited
3-23-14 Higashi-Ikebukuro,
Toshima-ku, Tokyo, Japan

**NOTICE OF CONVOCAION OF
THE 47th ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

We hereby inform you that the 47th Annual General Meeting of Shareholders of A&D HOLON Holdings Company, Limited (the “Company”) will be held as described below.

When convening this General Meeting of Shareholders, the Company takes measures for providing information electronically, and posts matters to be provided electronically on the following website as “NOTICE OF CONVOCAION OF THE 47th ANNUAL GENERAL MEETING OF SHAREHOLDERS.”

The Company’s website: <https://andholon.com/ir/event/> (in Japanese)

In addition to the above, the matters are posted on the following website as well.

Tokyo Stock Exchange’s website:

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

Please review them by accessing the above website, entering “A&D HOLON Holdings” in the security name (company name) or “7745” in the securities code, clicking “Search,” and selecting “Basic information” and then “Documents for public inspection/PR information.”

If you do decide to exercise your voting rights in writing or online, please ensure that your voting rights are exercised by the end of business hours at 5:15 p.m. on Monday, June 24, 2024, Japan time.

- 1. Date and Time:** Tuesday, June 25, 2024 at 10:30 a.m. Japan time
(The reception desk will open from 9:30 a.m.)
- 2. Place:** Conference Room 6, 5F, Sunshine City World Import Mart
3-1-3 Higashi-Ikebukuro, Toshima-ku, Tokyo
- 3. Meeting Agenda:**
- Matters to be reported:**
1. The Business Report and Consolidated Financial Statements for the Company's 47th Fiscal Year (April 1, 2023 - March 31, 2024) 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 47th Fiscal Year (April 1, 2023 - March 31, 2024)
- Proposals to be resolved:**
- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Election of Six (6) Directors
- Proposal 3:** Introduction of a Share-based Remuneration Plan for Directors, etc.

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Any amendments to the matters to be provided electronically will be posted on the respective websites where the information is posted.

The paper copy we sent also serves as that including matters to be provided electronically which are provided upon the request for delivery of the paper copy. The following items are omitted from them in accordance with laws and regulations as well as Article 15 of the Company's Articles of Incorporation. The paper copy is therefore part of documents audited by the Corporate Auditors and Accounting Auditor when making their respective audit reports.

- Notes to Consolidated Financial Statements
- Notes to Non-consolidated Financial Statements

## Reference Documents for the General Meeting of Shareholders

### Proposal 1: Appropriation of Surplus

Having taken into consideration the business results for the fiscal year under review and the Company's future business development, the Company proposes to pay a year-end dividend for the fiscal year under review as described below.

Matters concerning the year-end dividend

(1) The type of dividend assets

The dividend will be paid as a cash dividend

(2) The allocation of dividend assets and the total amount to be allocated

The Company would like to pay a dividend of 20 yen per common share. That would result in a total dividend payout of 554,506,820 yen.

(3) The effective date of the appropriation of the surplus

June 26, 2024

**Proposal 2:** Election of Six (6) Directors

The terms of office of all seven (7) Directors will expire at the conclusion of this General Meeting of Shareholders. In order to expedite its decision making, the Company proposes the reduction of the number of Directors by one (1), and, accordingly, the election of six (6) Directors.

The candidates for Director are as follows:

| No. | Name<br>(Date of birth)                   | Career summary, positions, responsibilities,<br>and significant concurrent positions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Number of<br>shares of the<br>Company held |
|-----|-------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 1   | Yasunobu Morishima<br>(September 1, 1947) | <p>May 1977      Joined the Company</p> <p>July 1988      Director</p> <p>June 1997      General Manager, Sales Headquarters</p> <p>June 2006      Managing Executive Officer</p> <p>June 2016      Representative Director and Senior Managing Executive Officer</p> <p>July 2016      President &amp; CEO (incumbent)</p> <p>April 2022      Representative Director, A&amp;D Company, Limited (incumbent)</p>                                                                                                                                                                                                                                                                                                                                                                                                                           | 247,500                                    |
| 2   | Ko Cho<br>(July 21, 1960)                 | <p>April 1997      Joined Holon Co., Ltd.</p> <p>May 2009      General Manager, China &amp; Taiwan Business Development Office, Holon Co., Ltd.</p> <p>June 2011      Director and General Manager, Sales Division, Holon Co., Ltd.</p> <p>June 2013      Director and General Manager, Sales Administration Division, Holon Co., Ltd.</p> <p>June 2016      Managing Director in charge of Sales, Holon Co., Ltd.</p> <p>April 2018      President &amp; CEO, Holon Co., Ltd. (incumbent)</p> <p>June 2021      Director, the Company</p> <p>June 2022      Director, Executive Vice President (incumbent)</p>                                                                                                                                                                                                                            | 14,400                                     |
| 3   | Koji Takahashi<br>(July 27, 1960)         | <p>April 1984      Joined The Ashikaga Bank, Ltd.</p> <p>April 2015      Joined the Company</p> <p>May 2015      General Manager, Business Administration Division, Business Management Headquarters</p> <p>April 2017      General Manager, Corporate Strategic Planning Department</p> <p>June 2019      Executive Officer</p> <p>June 2021      Senior Executive Officer</p> <p>June 2022      Director, Senior Executive Officer (incumbent)</p> <p>June 2022      Director, A&amp;D Company, Limited (incumbent)</p> <p>April 2023      General Manager, Business Management Headquarters, in charge of Corporate Strategic Planning Department</p> <p>April 2024      General Manager, Business Control Department, in charge of Corporate Planning Department, Administration Department, and Accounting Department (incumbent)</p> | —                                          |
| 4   | Yasuhiro Daisho<br>(December 7, 1946)     | <p>April 1985      Professor, Faculty of Science and Engineering, Waseda University</p> <p>June 2018      Director, the Company (incumbent)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | —                                          |

| No. | Name<br>(Date of birth)                                            | Career summary, positions, responsibilities,<br>and significant concurrent positions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Number of<br>shares of the<br>Company held |
|-----|--------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 5   | Fumiaki Shigemitsu<br>(October 27, 1957)                           | <p>April 1982      Joined Toshiba Corporation</p> <p>July 2008      Outside Director, Advanced Mask Inspection Technology Inc.</p> <p>January 2010    Joined NuFlare Technology, Inc.</p> <p>July 2011      President &amp; Representative Director, NuFlare Technology, Inc.</p> <p>May 2013      Auditor, Semiconductor Equipment Association of Japan</p> <p>July 2017      Full-time Auditor, Toshiba Electronic Devices &amp; Storage Corporation</p> <p>June 2022      Director, the Company (incumbent)</p> <p>June 2022      Corporate Auditor, Holon Co., Ltd. (incumbent)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                        | —                                          |
| 6   | Kazuko Rudy<br>(Real name: Kazuko Kiriyaama)<br>(October 10, 1948) | <p>September 1972    Joined the Accounting Audit Office, University of Chicago</p> <p>August 1976      PR Manager, Estee Lauder Co., Ltd.</p> <p>November 1978    Marketing Manager, Estee Lauder Co., Ltd.</p> <p>March 1980      General Manager, Direct Marketing Department, Time Life Books Division, Time Inc.</p> <p>December 1983    Representative Director, WITAN ACTEN LLC (currently WITAN ACTEN Co., Ltd.) (incumbent)</p> <p>June 2011      Vice President, the Japan Academic Society of Direct Marketing</p> <p>April 2013      MBA course Professor, Graduate School of Management, Ritsumeikan University</p> <p>May 2014      Outside Audit &amp; Supervisory Board Member, Seven &amp; i Holdings Co., Ltd.</p> <p>June 2015      Outside Director, TOPPAN FORMS CO., LTD.</p> <p>April 2016      MBA course Visiting Professor, Graduate School of Management, Ritsumeikan University</p> <p>May 2019      Outside Director, Seven &amp; i Holdings Co., Ltd.</p> <p>June 2023      Director, the Company (incumbent)</p> | —                                          |

- Notes: 1. Mr. Yasunobu Morishima also serves as Representative Director of A&D Company, Limited, a subsidiary of the Company, and Mr. Koji Takahashi as a Director of the same subsidiary. Mr. Ko Cho serves concurrently as the President & CEO of Holon Co., Ltd., a subsidiary of the Company and Mr. Fumiaki Shigemitsu as a Corporate Auditor of the same subsidiary. There is no special interest between the Company and the other candidates for Director.
2. The Company has entered into a directors and officers liability insurance contract (the “D&O insurance”) to insure its Directors and Corporate Auditors. The contract will cover damages that may arise due to insured Directors and Corporate Auditors assuming liability for their execution of duties, or receiving a claim for the pursuit of such liability. If the candidates are appointed as Director, each of them will be insured under the D&O insurance. The contract period of the D&O insurance is one (1) year. That period is scheduled to be renewed by resolution of the Board of Directors before the period expires.
3. Reasons for appointing candidates for Outside Director, the independence of Outside Directors, and liability limitation agreements
- 1) Reasons for appointing candidates for Outside Director, their expected roles, and the independence of Outside Directors
- i. Mr. Yasuhiro Daisho is a candidate for Outside Director. He has been reported to the Tokyo Stock Exchange as an independent director in accordance with the provisions of the Tokyo Stock Exchange.
- ii. Mr. Daisho has been involved in research on automobile-related environmental and energy issues and mobility as a specially appointed research professor at the Research

Organization for Next Generation Vehicles at Waseda University. The Company expects him to apply his wealth of specialist experience and broad insight to the measurement, control and simulation systems business that the Company operates to support automobile development. The Company also expects him to help strengthen corporate governance by offering advice on the Company's general management. Therefore, the Company requests his appointment as an Outside Director.

- iii. Mr. Fumiaki Shigemitsu is a candidate for Outside Director. He has been reported to the Tokyo Stock Exchange as an independent director in accordance with the provisions of the Tokyo Stock Exchange.
  - iv. Mr. Shigemitsu has amassed a wealth of experience and broad insight as a manager over many years, which the Company expects him to use to supervise the management of the Company. The Company also expects him to apply his abundant knowledge and broad insight as an expert to the Company's semiconductor-related business and to help strengthen corporate governance by offering advice on the Company's general management. Therefore, the Company requests his appointment as an Outside Director.
  - v. Ms. Kazuko Rudy is a candidate for Outside Director. She has been reported to the Tokyo Stock Exchange as an independent director in accordance with the provisions of the Tokyo Stock Exchange.
  - vi. Ms. Rudy has business experience overseas, and the Company expects her to apply her abundant knowledge and broad insight as an expert in marketing theory and to help strengthen corporate governance by offering advice on the Company's general management. Therefore, the Company requests her appointment as an Outside Director.
  - vii. Mr. Yasuhiro Daisho and Ms. Kazuko Rudy have never served as business executors or officers (excluding persons who were business executors) of the Company or its subsidiaries.
  - viii. Mr. Yasuhiro Daisho and Ms. Kazuko Rudy do not currently serve as business executors or officers (excluding persons who were business executors) of specified affiliates of the Company, nor have they served in any such positions during the past ten (10)-year period.
  - ix. Mr. Yasuhiro Daisho and Ms. Kazuko Rudy are not scheduled to receive any large sums of money or other assets from the Company or its specified affiliates, nor have they received any sums from those parties during the past two (2)-year period.
  - x. Mr. Yasuhiro Daisho and Ms. Kazuko Rudy are not the spouse, relative of third-degree kinship, or any other equivalent relation of business executors or officers (excluding persons who were business executors) of the Company or its specified affiliates.
- 2) Reasons why the candidates have been judged capable or appropriately performing their duties as Outside Directors

Candidate for Outside Director Mr. Yasuhiro Daisho not only possesses a high degree of expertise as a university professor, but has also amassed a wealth of experience and broad insight from leading various research projects, so the Company believes that he will be able to appropriately perform his duties as an Outside Director. He will have served as an Outside Director of the Company for six (6) years at the conclusion of this General Meeting of Shareholders.

Candidate for Outside Director Mr. Fumiaki Shigemitsu has sufficient knowledge to supervise corporate management based on his extensive experience as a corporate manager, so the Company believes that he will be able to appropriately perform his duties as an Outside Director. He will have served as an Outside Director of the Company for two (2) years at the conclusion of this General Meeting of Shareholders.

Candidate for Outside Director Ms. Kazuko Rudy has business experience overseas, and has abundant knowledge and broad insight as an expert in marketing theory, so the Company believes that she will be able to appropriately perform her duties as an Outside Director. She will have served as an Outside Director of the Company for one (1) year at the conclusion of this General Meeting of Shareholders.

- 3) Liability limitation agreements with Outside Directors

The Company has entered into liability limitation agreements with Mr. Yasuhiro Daisho, Mr. Fumiaki Shigemitsu, and Ms. Kazuko Rudy with respect to the liability under Article 423, Paragraph 1 of the Companies Act, whereby they bear liability for damages limited to the minimum liability amount under Article 425, Paragraph 1 of the same act. If the candidates

are re-elected Directors as proposed, the Company plans to continue the said liability limitation agreements with them.

### **Proposal 3: Introduction of a Share-based Remuneration Plan for Directors, etc.**

#### 1. Reason for the proposal and reason why it is deemed appropriate

The introduction of a share-based remuneration plan “Board Benefit Trust (BBT)” (hereinafter referred to as the “Plan”) for Directors of the Company was approved at the 39th Annual General Meeting of Shareholders held on June 23, 2016. The Company resolved at the meeting of its Board of Directors held on March 23, 2022 that persons eligible for the Plan shall be Directors (excluding Outside Directors) of the Company’s subsidiary A&D Company, Limited, and the Plan has since remained unchanged to date (the resolutions of the above Annual General Meeting of Shareholders and the Board of Directors’ meeting are hereinafter collectively referred to as the “Original Resolution.”)

On this occasion, the Company has decided to revise the Plan with the aim of making it function as an appropriate incentive to improve the Company’s corporate value over the medium to long term and further promoting value sharing with its shareholders. Specifically, in light of the above aims, the Company seeks approval to make Executive Directors (excluding Outside Directors and those who are not residents of Japan) and Executive Officers (excluding those who are not residents of Japan) of the Company, as well as Executive Directors (excluding Outside Directors and those who are not residents of Japan) and Executive Officers (excluding those who are not residents of Japan) of its subsidiaries (A&D Company, Limited and Holon Co., Ltd.) (hereinafter referred to as the “Directors, etc.”) the persons eligible for the Plan, and to revise the maximum number of points per fiscal year.

The Company believes that the content of this proposal is appropriate since the Plan, as with the Original Resolution, aims to raise awareness of contributing to improving medium- to long-term performance and increasing corporate value by more clearly linking remuneration for the Directors, etc. with the Company’s performance and share value, and by allowing the Directors, etc. to share with shareholders not only the benefits of share price increases but also the risks of share price decreases; the Company has received a report from its Nominating and Compensation Advisory Committee that the introduction of the Plan is appropriate, in light of factors such as the aims of the Plan and the effect of providing incentives to improve medium- to long-term business performance; and, if this proposal is approved as originally proposed, the Plan is consistent with the Company’s policy for determination of the amount of remuneration, etc. for Officers or the calculation method thereof (as described on page 13; the Company plans to make changes as described therein, subject to the approval of this proposal) to be resolved at the meeting of the Board of Directors of the Company to be held after the conclusion of this Annual General Meeting of Shareholders. This proposal requests the approval of the specific calculation method and the specific details of the amount of remuneration, etc. in order to pay remuneration to the Company’s Directors in accordance with the Plan, separate from the maximum amount of base remuneration for Directors approved at the 36th Annual General Meeting of Shareholders held on June 25, 2013 (not more than ¥20 million per month, however, excluding the portion of employee salary), and the total amount of performance-linked remuneration approved at the 30th Annual General Meeting of Shareholders held on June 27, 2007 (not more than ¥500 million per fiscal year). The Company also proposes that the details of the Plan after it is revised based on this proposal be entrusted to the Board of Directors within the scope outlined in 2. below.

Three (3) Directors will be eligible for the Plan, if this proposal and Proposal 2 are approved and adopted as originally proposed.

#### 2. Details of the Plan after revisions

##### (1) Outline of the Plan

The Plan is a performance-linked share-based remuneration plan under which the Company’s shares are acquired through a trust (hereinafter the trust established based on the Plan is referred to as the “Trust”) using the cash the Company contributes as funds, and the Company’s shares and the amount of cash equivalent to the market value of the Company’s shares (hereinafter, the “Company Shares, etc.”) are provided to the Directors, etc. through the Trust, pursuant to the Share Benefit Regulations for Officers established by the Company and its subsidiaries. In principle, the Directors, etc. shall receive the Company Shares, etc. upon their retirement.

##### (2) Persons eligible for the Plan

Directors who are Executive Directors (excluding Outside Directors and those who are not residents of



Japan) and Executive Officers (excluding those who are not residents of Japan) of the Company, and Directors who are Executive Directors (excluding Outside Directors and those who are not residents of Japan) and Executive Officers (excluding those who are not residents of Japan) of its subsidiaries (A&D Company, Limited and Holon Co., Ltd.)

(3) Trust period

From August 2016 until the termination of the Trust (Regarding the trust period of the Trust, the date of termination of the Trust shall not be specified and the Trust will continue as long as the Plan is not terminated. The Plan shall be terminated upon delisting of the Company's shares or abolition of the Share Benefit Regulations for Officers, or in certain other cases.)

(4) Amount to be contributed by the Company to the Trust and the number of shares to be acquired by the Trust

Based on the resolution of the General Meeting of Shareholders at the time of introduction of the Plan, the Company contributed ¥126 million on August 22, 2016 to establish the Trust for the five fiscal years from the fiscal year ended March 31, 2017 to the fiscal year ended March 31, 2021 (hereinafter referred to as the "Initial Period," and each of five-fiscal-year period following the Initial Period is hereinafter respectively referred to as the "Applicable Period") as well as each Applicable Period that followed, and the Trust has acquired the Company's shares using such contributions as the funds. Subsequently, in accordance with the revision resolved by the Board of Directors in March 2022, the Trust has continued as a trust whose beneficiaries are Directors of A&D Company, Limited. On this occasion, in accordance with this revision to the Plan, the Trust will continue as a trust whose beneficiaries are the Directors, etc.

After the approval of this proposal, in principle, the Company will make additional contributions of funds to the Trust deemed necessary for the Trust to acquire shares in advance, based on a reasonable estimate of the number of shares necessary to provide them to the Directors, etc. under the Plan, for each Applicable Period until the termination of the Plan. However, in the case of making such additional contributions, if the Company's shares (excluding the number of the Company's shares that have not yet been provided to the Directors, etc. equivalent to points granted to them for each Applicable Period up to the immediately preceding Applicable Period) and cash remain in the Trust (the "Remaining Shares, etc."), the Remaining Shares, etc. will be allocated to the funds for provision under the Plan during the subsequent Applicable Period, and the amount of the additional contribution will be calculated after taking into account the Remaining Shares, etc. When the Company decides to make additional contributions, it shall make a disclosure in a timely and appropriate manner.

(5) Method for acquiring the Company's shares and the number of shares to be acquired

The Trust shall acquire the Company's shares through the stock market or by underwriting the disposition of the Company's treasury shares using the money contributed in accordance with (4) above as the funds. Since the maximum points to be granted to the Directors, etc. are 80,000 points per one fiscal year as stated in (6) below, the maximum number of the Company's shares to be acquired by the Trust for each Applicable Period is 400,000 shares. The details of the acquisition of the Company's shares by the Trust will be disclosed in a timely and appropriate manner.

(6) Calculation method and maximum number of the Company Shares, etc. to be provided to the Directors, etc.

The Directors, etc. shall be granted the number of points determined according to their position and the degree of achievements of the Company's business performance and other factors for each fiscal year. The total maximum points to be granted to the Directors, etc. per one fiscal year shall be 80,000 points (of which 30,000 points for the Company's Directors). These numbers were decided by comprehensively taking into consideration such factors as the current level of remuneration for officers of the Company and its subsidiaries, the trends and outlook in the number of the Directors, etc., and therefore are deemed appropriate.

Each point granted to the Directors, etc. shall be converted into one share of the Company's common shares at the time of the provision of the Company Shares, etc. as described in (7) below (however, if

a share split, gratis allotment of shares, or consolidation of shares, etc. is carried out with respect to the Company's shares after this proposal is approved, the maximum number of points and the number of points and the number of points already granted, or the conversion ratio shall be adjusted in a reasonable manner in proportion to the relevant ratio, etc.).

The ratio of the 800 voting rights pertaining to shares equivalent to the maximum number of points to be granted to the Directors, etc. per one fiscal year to the 276,513 voting rights pertaining to the total number of shares issued (as of March 31, 2024) is approximately 0.29%.

In principle, the points for the Directors, etc. that will be the basis for the provision of the Company Shares, etc. described in (7) below shall be defined as the number of points granted to the Directors, etc. until their retirement (points calculated in such manner shall be hereinafter referred to as the "Defined Number of Points").

(7) Timing of provision of the Company Shares, etc. and specific calculation method of the amount of remuneration, etc.

The Directors, etc. who satisfy the beneficiary requirements prescribed in the Share Benefit Regulations for Officers shall receive the Company's shares from the Trust in the number corresponding to the Defined Number of Points set forth in (6) above by completing the prescribed procedures to become a beneficiary at the time of their retirement. If the Directors, etc. also satisfy certain other requirements separately prescribed in the Share Benefit Regulations for Officers in addition to the beneficiary requirements, he/she shall receive monetary provisions equivalent to the market value of the Company's shares as of the retirement date in lieu of the Company's shares for a certain percentage of the points that have been granted to them. The Trust may sell the Company's shares in order to make such monetary provisions.

The Directors, etc., whether he/she has been granted points or otherwise, shall not be given rights to receive the benefit in whole or in part if he/she is dismissed by a resolution of a general meeting of shareholders or the Board of Directors' meeting, resigns in connection with certain unlawful acts committed, or has engaged in any inappropriate act that causes damage to the Company during their term of office.

The amount of remuneration, etc. to be received by the Directors, etc. under the Plan shall be based on the total number of points to be granted to the Directors, etc. multiplied by the book value per Company's share held by the Trust (however, if a share split, gratis allotment of shares, or consolidation of shares, etc. is carried out with respect to the Company's shares, there shall be reasonable adjustments according to relevant ratios, etc.) at the time when points are granted. In addition, when deemed appropriate in cases where monetary provision is exceptionally made in accordance with the provisions of the Share Benefit Regulations for Officers, such amount shall be added to the amount of remuneration, etc.

(8) Exercise of voting rights

In accordance with the instructions of the trust administrator, the voting rights of the Company's shares in the Trust account shall not be exercised. The Company intends to ensure neutrality in the Company's management with regard to the exercise of voting rights pertaining to the Company's shares in the Trust account through this arrangement.

(9) Treatment of dividends

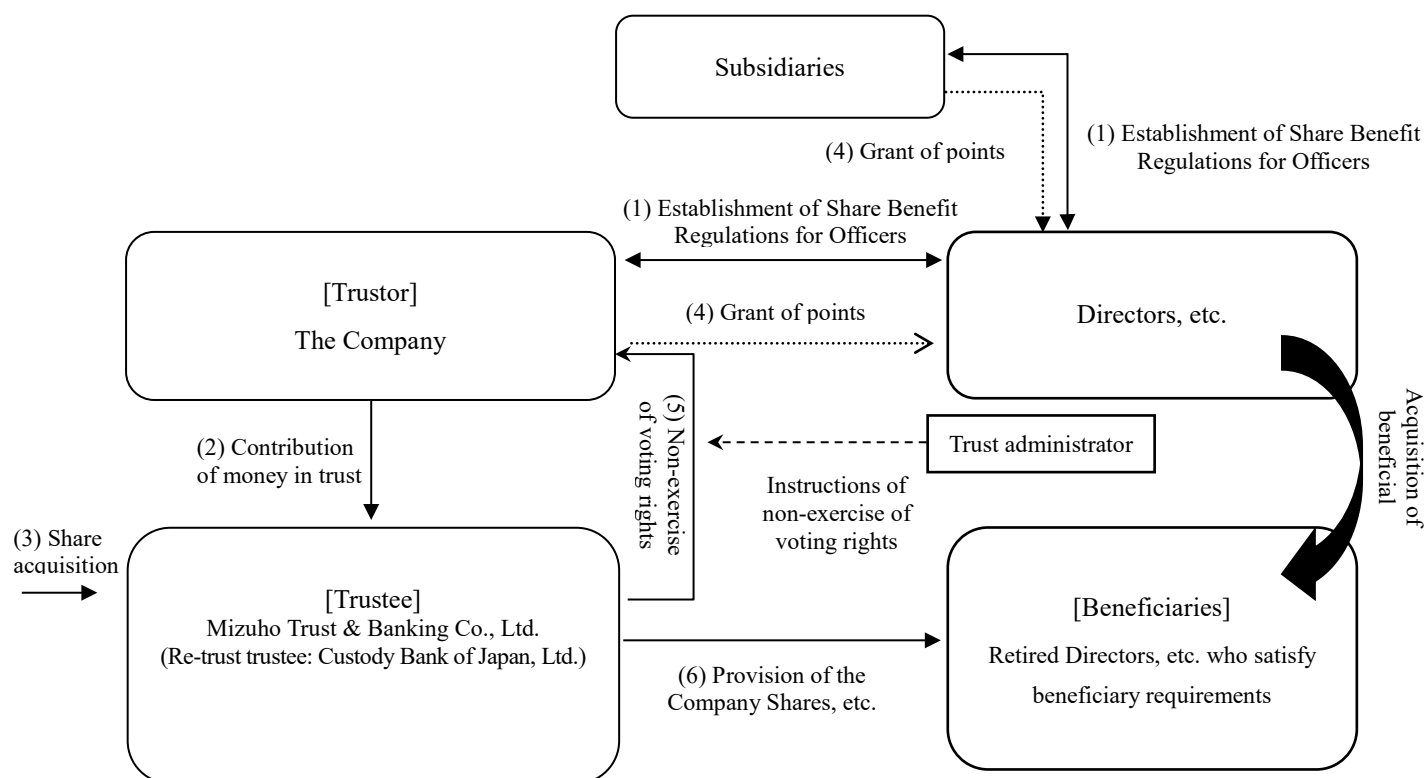
Dividends of the Company's shares held in the Trust account shall be received by the Trust and mainly used for the acquisition of the Company's shares and trust fees to the trustee pertaining to the Trust. In case the Trust is terminated, any dividends remaining in the Trust shall be provided to the Directors, etc. then in office in proportion to the number of points that each of them holds.

(10) Treatment upon termination of the Trust

The Trust shall be terminated upon events such as delisting of the Company's shares or the abolition of the Share Benefit Regulations for Officers. All of the Company's shares in the residual assets of the Trust at the time of termination shall be acquired by the Company without contribution and cancelled in accordance with the resolution of the Board of Directors. As for the monetary portion of the residual

assets of the Trust at the time of termination, the amount remaining after deducting the amount to be paid to the Directors, etc. in accordance with (9) above shall be provided to the Company.

<Structure of the Plan>



- (1) The Company and its subsidiaries will establish the “Share Benefit Regulations for Officers” within the scope approved in relation to this proposal.
- (2) The Company will entrust money within the scope approved in relation to this proposal.
- (3) The Trust will acquire shares of the Company on the stock market or through the disposal of its own shares, using the money entrusted in (2) above as funds.
- (4) The Company and its subsidiaries will grant points to the Directors, etc. in accordance with the “Share Benefit Regulations for Officers.”
- (5) The Trust will not exercise voting rights pertaining to the Company’s shares in the Trust account in accordance with the instructions of the trust administrator, which is independent of the Company.
- (6) The Trust will provide retired Directors, etc. who satisfy the beneficiary requirements prescribed in the “Share Benefit Regulations for Officers” (the “Beneficiaries”) the Company’s shares in proportion to the number of points that they have been respectively granted. If such Directors, etc. also satisfy certain other requirements separately prescribed in the “Share Benefit Regulations for Officers,” the Trust will provide them with an amount of money equivalent to the market value of the Company’s shares as of the retirement date in lieu of the provision of the Company’s shares for a certain percentage of their points.

<Policy for Determination of the Amount of Remuneration, etc. for Officers or the Calculation Method Thereof>

The Company plans to change the content of its policy for determination of the amount of remuneration, etc. for officers or the calculation method thereof at the meeting of the Board of Directors to be held after the conclusion of this Annual General Meeting of Shareholders, subject to approval of this proposal. The outline of the policy is as follows.

(1) Remuneration policy

The Company's remuneration, etc. for Directors of the Company is designed based on the following concept.

- i) A highly rational remuneration plan required of companies listed on the prime market
  - Share-based remuneration that allows for sharing with investors the benefits of increase and the risks of decline in corporate value
  - Performance-linked remuneration that functions as an incentive to match the performance characteristics of each operating company
- ii) Remuneration plan that strengthens the Group's governance
  - Remuneration plan at a level commensurate with the roles and responsibilities of the Group's officers

(2) Remuneration level

The level of remuneration, etc. for Directors of the Company is set in reference to the level at other companies based on a survey by an external professional organization.

(3) Remuneration composition and outline

The Company's policy for determination of the amount of remuneration, etc. for Officers or the calculation method thereof and the officer remuneration plan are deliberated by the Nominating and Compensation Advisory Committee and determined by the Board of Directors. Remuneration for the Group's officers consists of "base remuneration," "performance-linked remuneration," which is linked to the performance of each company, and "share-based remuneration," which is intended to improve performance over the medium to long term.

Meanwhile, remuneration for the Company's Corporate Auditors consists only of "base remuneration," which is determined through discussions among Corporate Auditors according to their responsibilities within the scope of the monthly amount of remuneration approved by a general meeting of shareholders. The Board of Directors has the authority to determine the policy for determination of the amount of remuneration, etc. for Officers or the calculation method thereof, and makes its decision based on the report from the Nominating and Compensation Advisory Committee.

a. Base remuneration

Base remuneration for Directors is determined by the Board of Directors based on the Directors' responsibilities and performance within the scope of the monthly amount of remuneration approved by the General Meeting of Shareholders. The Board of Directors has the authority to determine the policy for determination of the amount of remuneration, etc. for Officers or the calculation method thereof, and Representative Director and President Yasunobu Morishima, who is entrusted with this authority by the Board of Directors, makes decisions based on the report from the Nominating and Compensation Advisory Committee, comprehensively taking into consideration the Directors' duties, performance, and the degree of contribution, etc. within the scope of the total amount of remuneration resolved at a general meeting of shareholders. Authority is delegated to the Representative Director and President as the Company believes that he has the most knowledge of the Group's business situation and the external environment, and is able to determine the amount of remuneration for Officers in a comprehensive manner. To ensure appropriate supervision by a third party, decisions are made based on the results of deliberations by the Nominating and Compensation Advisory Committee. The Board of Directors also respects the results of such deliberations and believes that decisions are in line with the determination policy.

The maximum amount of base remuneration for Directors was approved at the 36th Annual General Meeting of Shareholders held on June 25, 2013 to be not more than ¥20 million per month, and the number of Directors at the close of the 36th Annual General Meeting of Shareholders was eight (8) (of which the number of Outside Directors was zero (0)). The maximum amount of base remuneration for Corporate Auditors was resolved at the 29th Annual General Meeting of Shareholders held on June 28, 2006 to be not more than ¥3 million per month, and the number of Corporate Auditors at the close of the 29th Annual General Meeting of Shareholders was three (3).

b. Performance-linked remuneration plan

Performance-linked remuneration is determined at an amount up to the total payment amount approved at a general meeting of shareholders in light of the degree of achievement of the performance forecast announced at the beginning of the fiscal year for consolidated profit before deducting performance-linked remuneration and the ratio of the year-on-year change of consolidated operating profit. The Company selects the degree of achievement of consolidated profit and the ratio of the year-on-year change of consolidated profit as performance indicators because the Company aims to increase its corporate value by raising the profit level in each fiscal year, and we therefore believe they are suitable as performance indicators. The total amount of performance-linked remuneration to be paid was approved not to exceed ¥500 million at the 30th Annual General Meeting of Shareholders held on June 27, 2007, and the number of Directors at the close of the 30th Annual General Meeting of Shareholders was seven (7). The decision on the method of allocation was approved to be entrusted to the Board of Directors at the 41st Annual General Meeting of Shareholders held on June 26, 2018. Although both the Company and A&D Company, Limited have similar performance-linked remuneration plans, the Board of Directors of the Company had resolved that A&D Company, Limited would operate the plan instead of operating it at the Company. At a meeting held on May 24, 2024, the Company's Board of Directors reviewed the plan and resolved to begin operating the plan as follows.

1. Calculation method

Performance-linked remuneration is paid at a certain time each year as a bonus. The amount is calculated based on the degree of achievement of consolidated profit for each fiscal year relative to the target and the ratio of the year-on-year change of consolidated operating income.

2. Eligible persons: Directors who are in office at the end of the fiscal year and who are executive officers
3. Payment timing: To be paid in a lump sum within one month of finalizing financial figures at an annual general meeting of shareholders

c. Share-based remuneration plan

As for the share-based remuneration, the Company grants Executive Directors of the Company and its subsidiaries (excluding Outside Directors and those who are not residents of Japan) points whose number is determined according to their position and the degree of achievements of the Company's business performance and other factors for each fiscal year, within the scope approved at a general meeting of shareholders, and provides to the Directors, etc. at the time of their retirement the Company's shares equivalent to the Defined Number of Points granted in accordance with the Share Benefit Regulations for Officers established by the Company and its subsidiaries.

**[Reference]**

## Skills Matrix for Directors and Corporate Auditors after the End of the Annual General Meeting of Shareholders

| Name               | Position                           | Particular expertise and professional experience |                        |                   |                 |                    |                       |                            |                      |
|--------------------|------------------------------------|--------------------------------------------------|------------------------|-------------------|-----------------|--------------------|-----------------------|----------------------------|----------------------|
|                    |                                    | Corporate management                             | Technology development | Sales / marketing | Global business | HR / labor affairs | Environment / society | Legal affairs / compliance | Finance / accounting |
| Yasunobu Morishima | President & CEO                    | ○                                                | ○                      | ○                 |                 |                    |                       |                            |                      |
| Ko Cho             | Director, Executive Vice President | ○                                                |                        | ○                 | ○               |                    |                       |                            |                      |
| Koji Takahashi     | Director, Senior Executive Officer |                                                  |                        |                   |                 | ○                  | ○                     | ○                          | ○                    |
| Yasuhiro Daisho    | Outside Director                   |                                                  | ○                      |                   |                 |                    | ○                     | ○                          |                      |
| Fumiaki Shigemitsu | Outside Director                   | ○                                                | ○                      |                   |                 | ○                  |                       | ○                          |                      |
| Kazuko Rudy        | Outside Director                   |                                                  |                        | ○                 | ○               |                    | ○                     |                            |                      |
| Yasuhiro Sagara    | Full-time Corporate Auditor        |                                                  |                        |                   | ○               |                    |                       | ○                          | ○                    |
| Hideo Umezawa      | Outside Corporate Auditor          | ○                                                |                        |                   |                 | ○                  |                       | ○                          | ○                    |
| Naoki Kondo        | Outside Corporate Auditor          |                                                  |                        |                   | ○               |                    | ○                     | ○                          |                      |