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Securities code: 6699
(Issue date) June 8, 2023
(Start date of electronic provision measure) June 1, 2023

To Shareholders with Voting Rights:

YuuRi Ono
President and CEO and Group CEO
Diamond Electric Holdings Co., Ltd.
1-15-27, Tsukamoto Yodogawa-ku, Osaka

**NOTICE OF CONVOCAION OF
THE 5TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

We are pleased to inform you that the 5th Ordinary General Meeting of Shareholders (the “Meeting”) of Diamond Electric Holdings Co., Ltd. (the “Company”) will be held as described below.

The Company takes measures to provide information electronically for the convocation of this Meeting and posts the matters to provide information electronically as the "Notice of Convocation of the 5th Ordinary General Meeting of Shareholders" on the Company's website.

<The Company's website>

<https://www.diaelec-hd.co.jp/en/ir/>

It is also posted on the Tokyo Stock Exchange website.

<TSE Listed Company Search* >

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

*Please enter and search the Issue name (company name) or securities code and select [Basic Information] and [Documents for public inspection/PR information].

Instead of attending the Meeting in person, you may exercise your voting rights in writing. Please review the Reference Documents for the General Meeting of Shareholders included in the Electronic Provision Measures, indicate your approval or disapproval of each proposal on the enclosed voting rights exercise form, and return it so that it is received by 5: 30 p.m. on Thursday, June 22, 2023 (Japan time).

- 1. Date and Time:** June 23, 2023 (Fri) at 10:00 a.m. Japan time (Reception starts at 9:20 a.m.)
2. Place: Banquet Halls “Kiri” and “Sakura,” 2nd floor, Osaka Garden Palace
1-3-35 Nishi-Miyahara, Yodogawa-ku, Osaka, Japan

3. Meeting Agenda:

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements and the results of audits of the Consolidated Financial Statements by the Accounting Auditor, Audit and Supervisory Committee for the 5th Fiscal Year (April 1, 2022 to March 31, 2023)
 2. Non-consolidated Financial Statements for the 5th Fiscal Year (April 1, 2022 to March 31, 2023)

Proposals to be resolved:

- Proposal 1:** Reduction of Capital Reserve and Appropriation of Surplus
Proposal 2: Dividends of Surplus
Proposal 3: Election of Four (4) Directors (Excluding Directors who are Audit and Supervisory Committee Members)
Proposal 4: Election of Two (2) Directors who are Audit and Supervisory Committee Members

4. Matters to be confirmed upon convocation:

- (1) If a shareholder provides no indication of approval or disapproval on a voting form, the shareholder shall be considered to have expressed approval, which shall be handled accordingly.
- (2) In accordance with laws and regulations as well as Article 16 of the Articles of Incorporation of the Company, the documents sent to shareholders requested to be delivered in writing do not contain the following matters:

- (i) Business Report
 - Status of Assets and Profits and Losses
 - Issues to Be Addressed
 - Main Business Lines
 - Major Business Locations of the Corporate Group
 - State of Employees
 - Major Lenders
 - Information Relating to Shares of the Company
 - Status of Stock Acquisition Rights
 - Status of New Share Subscription Rights
 - Other Important Matters Concerning Subscription Rights to Shares
 - Matters Relating to External Directors
 - Summary of Contents of Limited Liability Agreement
 - State of Accounting Auditors
 - Ensuring Systems and Operational Status to Ensure Proper Business Operations
 - Basic Policy on Company Control
 - Policy on Determination of Dividends of Surplus, etc.
- (ii) Consolidated Financial Statements
 - Consolidated Statement of Changes in Equity
 - Notes to Consolidated Financial Statements
- (iii) Non-consolidated Financial Statements
 - Non-consolidated Statement of Changes in Equity
 - Notes to Non-consolidated Financial Statements
- (iv) Accounting Auditor's Report on Consolidated Financial Statements
- (v) Accounting Auditor's Audit Report on Financial Statements
- (vi) Audit Report of the Audit and Supervisory Committee

These documents are part of the documents audited by the Accounting Auditor and the Audit and Supervisory Committee in preparing the audit report. Please note that the item numbers in the document sent to you are the same as the Electronic Provision Measures.

- When you attend the Meeting in person, please submit your enclosed voting rights exercise form at the reception.
- If there are any revisions to matters covered by the electronic provision measures, such facts and matters will be posted on the respective websites listed.
- The results of the resolution of the Meeting will be posted on the Company's website after the conclusion of this Meeting instead of sending a written notice of the resolution. Thank you for your understanding in advance.
- On the day of the Meeting, our officers and operation staff will be wearing light clothes (eco style) as part of global warming countermeasures. We would like to ask our shareholders to also attend the Meeting in light attire.
- You are kindly requested to consider your attendance at the Meeting by taking into consideration the state of COVID-19 infection and your health condition on the day of the Meeting before coming to the venue.

If any major changes occur in the operation of the General Meeting of Shareholders according to future circumstances, we will announce them on the Company's website.

<p>In consideration of fairness of shareholders who are attending the General Meeting of Shareholders and those who are not being able to participate, the Company shall refrain from distributing souvenirs or holding social events with shareholders after the general meeting. We would appreciate your kind understanding.</p>

Reference Documents for the General Meeting of Shareholders

Proposal 1: Reduction of Capital Reserve and Appropriation of Surplus

1. Details of Reduction of Capital Reserve

For the purpose of enhancing the future distributable amount and securing flexibility and mobility of capital policy, the Company proposes to reduce the amount of capital reserve pursuant to the provisions of Article 448, Paragraph 1 of the Companies Act and transfer it to other capital surplus.

The amount of capital reserve to be reduced and the effective date of the reduction of capital reserve are as follows.

(1) Amount of capital reserve to be reduced

¥ 1,000,000,000 out of ¥ 5,579,617,550 in capital reserves

(2) The date on which the reduction in the amount of capital reserves becomes effective;

August 1, 2023

2. Details of Appropriation of Surplus

A deficit in retained earnings brought forward at the end of the current business year; to correct the capital structure and improve the flexibility and mobility of future capital policies, the Company proposes to compensate for the deficit in retained earnings brought forward by reducing the amount of other capital surplus and transferring it to retained earnings brought forward pursuant to Article 452 of the Companies Act.

Items and amounts of surplus to be decreased and items and amounts of surplus to be increased are as follows.

(1) Item and amount of surplus to be reduced

Other capital surplus 2,074,155,136 yen

(2) Item and amount of surplus to be increased

Retained earnings brought forward 2,074,155,136 yen

Proposal 2: Dividend of Surplus

The Company's basic dividend policy for returning profits to shareholders is to maintain and improve stable dividend payments by further strengthening the makeup of the Company as well as ensuring internal reserves necessary for investment in future growth areas from a long-term perspective.

On the condition that Proposal No. 1 "Reduction of Capital Reserve and Appropriation of Surplus" is approved as originally proposed and that the reduction of capital reserve takes effect, based on the policy mentioned above and taking into consideration the full-year consolidated financial results for the fiscal year ended March 31, 2023, the Company proposes to pay year-end dividends for the fiscal year under review as follows:

(1) Type of dividend property

Cash

(2) Matters concerning the allotment of dividend property to shareholders and the total amount thereof

12.50 yen per share of common stock of the Company

Total amount of dividends: 113,665,650 yen

(3) Effective date of distribution of surplus

August 2, 2023

(4) Others

The source of dividend is planned to be other capital surplus.

If this proposal is approved, the sending of the year-end dividend receipt is scheduled to be around late July 2023, which is different from the previous year-end dividend.

We would like to ask our shareholders for their understanding.

Proposal 3: Election of Four (4) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of all four (4) Directors (excluding Directors who are Audit and Supervisory Committee Members; the same shall apply hereinafter in this proposal) will expire at the conclusion of this Meeting. Accordingly, the Company proposes the election of four (4) Directors.

The Audit and Supervisory Committee has given its consent to this proposal.
The candidates for Director are as follows:

Candidate No.	Name	Incumbent in the Company	Attendance of the Meetings of the Board of Directors
1	Reappointment YuuRi Ono	Representative Director, CEO and Group CEO	100% (18 / 18)
2	Reappointment Takashi Yoshida	External Director	83% (15 / 18)
3	Reappointment Gaku Okamoto	External Director	100% (18 / 18)
4	Reappointment Jun Hasegawa	Director, CCO	100% (18 / 18)

1 YuuRi Ono

Reappointment

■ Date of birth	November 3, 1974
■ Number of the Company's shares owned	74,500 shares
■ Attendance of the Meetings of the Board of Directors	100% (18 / 18)

Past experience, positions and responsibilities at the Company

May 2005	President, YuuRism Consulting
April 2015	President and Representative Director, NST Corporation
June 2016	President and Representative Director, Diamond Electric Mfg. Co., Ltd.
October 2016	Representative Director and CEO
June 2017	President and CEO and Group CEO
October 2018	President and CEO, Diamond Electric Mfg. Co., Ltd. (incumbent) President and CEO and Group CEO, the Company (incumbent)
January 2019	President and CEO, Tabuchi Electric Co., Ltd. (current Diamond & Zebra Electric Mfg. Co., Ltd.) (incumbent)
October 2021	President and CEO, Zebra Denshi Co., Ltd.

Significant concurrent positions

President and CEO, Diamond & Zebra Electric Mfg. Co., Ltd.
President and CEO, Diamond Electric Mfg. Co., Ltd.
President and CEO, Zebra Denshi Co., Ltd.

Reasons for nomination

Mr. YuuRi Ono has been engaged in unparalleled efforts to revitalize two companies simultaneously as President and CEO and Group CEO of the Company. The Company renominates him as a candidate for Director as it expects him to leverage his powerful leadership to increase corporate value and strengthen the governance system of the Group.

During the fiscal year under review, he has been working to strengthen Group governance by providing thorough education and guidance to working colleagues, including senior management, through meetings under his direct leadership and general inspections by him at factories, including overseas. In order to enhance the manufacturing capabilities of the Group as a whole, he has achieved such accomplishments as the merger of Diamond Craft Co., Ltd.

Special interests between the candidate for Director and the Company

There are no special interests between him and the Company.

Term of office as Director

He will have served for four (4) years and eight (8) months at the conclusion of this Meeting.

2 Takashi Yoshida

Reappointment
External

■ Date of birth	November 13, 1943
■ Number of the Company's shares owned	800 shares
■ Attendance of the Meetings of the Board of Directors	83% (15 / 18)

Past experience, positions and responsibilities at the Company

April 1966	Joined DAITO PRESS Mfg. Co., Ltd.
December 1966	Senior Managing Director
July 1974	President and Representative Director
May 2014	Chairman and Representative Director
June 2016	Director, Diamond Electric Mfg. Co., Ltd.
June 2017	Director and Audit and Supervisory Committee Member
October 2018	Director and Audit and Supervisory Committee Member, the Company
May 2019	Director and Advisor, DAITO PRESS Mfg. Co., Ltd.
June 2020	Director, the Company (incumbent)
May 2021	Advisor, DAITO PRESS Mfg. Co., Ltd. (incumbent)

Significant concurrent positions

Advisor, DAITO PRESS Mfg. Co., Ltd.
Member of the Board, the Japan Auto Parts Industries Association
Advisor, OSAKA METAL STAMPING ASSOCIATION

Reasons for nomination and expected roles

Mr. Takashi Yoshida has abundant experience as a corporate manager and extensive insight into the industry. The Company renominates him as a candidate for External Director as it expects him to contribute to the management of the Company by using his professional insight to offer advice primarily from the perspective of corporate management.

During the fiscal year under review, amid the increasingly severe supply chain and materials procurement environment surrounding the Company in the wake of the COVID-19 pandemic, he provided suggestions and advice on response policies and measures to be taken by the Group while introducing examples of other companies in the industry.

Special interests between the candidate for External Director and the Company

There are no special interests between him and the Company.

Term of office as Director

He will have served for four (4) years and eight (8) months at the conclusion of this Meeting.

3 Gaku Okamoto

Reappointment
External

■ Date of birth	April 2, 1968
■ Number of the Company's shares owned	800 shares
■ Attendance of the Meetings of the Board of Directors	100% (18 / 18)

Past experience, positions and responsibilities at the Company

April 1996	Registered as an attorney at law Served at a law firm in Osaka City
March 2004	President, Okamoto Gaku Law Office
April 2010	Joint Partner, Okamoto & Toyonaga Law Office (incumbent)
June 2016	Director, Diamond Electric Mfg. Co., Ltd.
June 2017	Director and Audit and Supervisory Committee Member
October 2018	Director and Audit and Supervisory Committee Member, the Company
June 2020	Director, the Company (incumbent)

Significant concurrent positions

Joint Partner, Okamoto & Toyonaga Law Office
Committee Member, Osaka Bar Association's Committee for Countering Organized Crime and Obstruction of Attorney Activity
Committee Member, Kinki Federation of Bar Associations' Committee for Countering Organized Crime and Obstruction of Attorney Activity
External Director, Bio-sight Capital, Inc.
External Audit & Supervisory Board Member, Taisei Kakou Co., Ltd.

Reasons for nomination and expected roles

Mr. Gaku Okamoto has abundant experience and extensive insight gained as an attorney-at-law. The Company renominates him as a candidate for External Director as it expects him to strengthen the functions of supervising management in general and conflicts of interest primarily from the legal perspective by using his insight to contribute to the management of the Company.

During the fiscal year under review, he provided advice on specific responses and solutions based on his legal expertise to business troubles and issues in each business activity. In addition, from the viewpoint of prevention, he provided suggestions on compliance mechanisms and operational issues.

Special interests between the candidate for External Director and the Company

There are no special interests between him and the Company.

Term of office as Director

He will have served for four (4) years and eight (8) months at the conclusion of this Meeting.

4 Jun Hasegawa Reappointment

■ Date of birth	April 6, 1960
■ Number of the Company's shares owned	15,100 shares
■ Attendance of the Meetings of the Board of Directors	100% (18 / 18)

Past experience, positions and responsibilities at the Company

April 1989	Joined Nippon Life Insurance Company
September 1993	Joined Sanko Transport Co., Ltd.
June 1999	Joined Midori Denka Co., Ltd.
March 2001	Joined Diamond Electric Mfg. Co., Ltd.
April 2014	Deputy General Manager of Management Headquarters and General Affairs & Industrial Safety Manager
October 2014	Audit Office Manager
June 2016	Managing Director
June 2017	Director, Managing Executive Officer and Managing Director of Domestic Affiliated Companies and Internal Control
April 2018	Director, Managing Executive Officer and CCO, Managing Director of Internal Control
October 2018	Director, Managing Executive Officer and Group CCO, Managing Director of Internal Control and Safety, the Company
January 2019	Director, Tabuchi Electric Co., Ltd.
April 2020	Director, Diamond Electric Mfg. Co., Ltd. Director and CCO, Managing Director of Internal Control and Safety, the Company (incumbent)
October 2020	Corporate Auditor, Diamond & Zebra Electric Mfg. Co., Ltd.
August 2022	Director, Diamond Craft Co., Ltd. (incumbent)

Significant concurrent positions

Director, Diamond Craft Co., Ltd.

Reasons for nomination

Mr. Jun Hasegawa has actively dedicated himself to the role of a coordinator of organizations and employees, supporting colleagues in their efforts to revitalize two companies simultaneously despite some confusion of the speed and change involved. The Company renominates him as a candidate for Director as it expects that fulfilling the role will help motivate the management of the Company and colleagues alike.

During the fiscal year under review, he has made efforts to improve the working environment centering on internal control, while being stationed at Diamond Craft Co., Ltd. so that it will fully become a member of the Company. In addition, he pointed out issues related to measures for health and safety at each Group company.

Special interests between the candidate for Director and the Company

There are no special interests between him and the Company.

Term of office as Director

He will have served for four (4) years and eight (8) months at the conclusion of this Meeting.

- Notes:
1. Mr. Takashi Yoshida and Mr. Gaku Okamoto are candidates for External Director.
 2. The Company has designated Mr. Takashi Yoshida and Mr. Gaku Okamoto as independent directors stipulated by the Tokyo Stock Exchange and has filed them with the Exchange accordingly. If they are elected as originally proposed, they will continue to be independent directors.
 3. The Company has concluded agreements with Mr. Takashi Yoshida and Mr. Gaku Okamoto to limit their liability to the minimum amount set by laws and regulations, pursuant to Article 427, Paragraph 1 of the Companies Act. If they are elected as originally proposed, the Company plans to continue the agreements.
 4. Mr. Yuuri Ono, Mr. Takashi Yoshida, Mr. Gaku Okamoto and Mr. Jun Hasegawa are insured by a directors and officers liability insurance policy that the Company has concluded with an insurance company. The overview and timing of renewal of the policy are stated in "2. Current Status of the Company, (4) Status of Corporate Officers, ⑤ Outline of Liability Limitation Contract," of the Business Report" (in Japanese only). If Mr. YuuRi Ono, Mr. Takashi Yoshida, Mr. Gaku Okamoto and Mr. Jun Hasegawa are elected as originally proposed, they will remain insured by the policy.

Proposal 4: Election of Two (2) Directors Who Are Audit and Supervisory Committee Members

The terms of office of the current Directors who are Audit and Supervisory Committee Members, Mr. Masakazu Furukawa and Mr. Masataka Irie, will expire at the conclusion of this Meeting. Accordingly, the Company proposes the election of two (2) Directors who are Audit and Supervisory Committee Members. The Audit and Supervisory Committee has given its prior consent to the submission of this proposal.

The candidates for Director who is an Audit and Supervisory Committee Member are as follows:

Candidate No.		Name	Incumbent in the Company	Attendance of the Meetings of the Board of Directors	Attendance of the Meetings of Audit and Supervisory Committee
1	Reappointment	Masakazu Furukawa	External	Director and Audit and Supervisory Committee Member 100% (18 / 18)	100% (14 / 14)
2	Reappointment	Masataka Irie		Director and Audit and Supervisory Committee Member 100% (18 / 18)	100% (14 / 14)

1 Masakazu Furukawa

Reappointment External

■ Date of birth	September 25, 1954
■ Number of the Company's shares owned	800 shares
■ Attendance of the Meetings of the Board of Directors	100% (18 / 18)
■ Attendance of the Meetings of Audit and Supervisory Committee	100% (14 / 14)

Past experience, positions and responsibilities at the Company

June 1996	General Manager, Nada Branch of The Sakura Bank, Limited (current Sumitomo Mitsui Banking Corporation)
November 1998	General Manager, Neyagawa Branch
April 1999	General Manager, Neyagawa Branch and Kaori Branch
April 2001	Senior Examiner, Credit Department 3
July 2001	General Manager, Sumoto Branch and General Manager, Corporate Business Office
July 2003	Seconded to Ginsen Co., Ltd., General Manager of Kobe Insurance Sales Department 2
April 2012	Managing Executive Officer, General Manager of Kobe Branch and General Manager of Kobe Corporate Business Department 1
June 2014	Full-time Corporate Auditor
June 2017	Director and Member of Audit and Supervisory Committee, Diamond Electric Mfg. Co., Ltd.
October 2018	Director and Audit and Supervisory Committee Member, the Company (incumbent)
February 2019	Corporate Auditor, Diamond Electric Mfg. Co., Ltd.

Significant concurrent positions

None

Reasons for nomination and expected roles

Mr. Masakazu Furukawa has abundant experience and broad insight gained in financial services at bank. The Company renominates him as a candidate for External Director who is Audit and Supervisory Committee Member as it expects him to utilize his expertise in finance and accounting in the management of the Company including audit and supervision.

During the fiscal year under review, amid the increasingly severe business environment surrounding the Group, he reviewed the financial condition of the Company and provided suggestions and advice for improving corporate value through the implementation of appropriate financial management from an overall perspective of the Group.

Special interests between the candidate for External Director who is Audit and Supervisory Committee Member and the Company

There are no special interests between him and the Company.

Term of office as Director

He will have served for four (4) years and eight (8) months at the conclusion of this Meeting.

2 Masataka Irie

Reappointment

■ Date of birth	October 26, 1955
■ Number of the Company's shares owned	17,200 shares
■ Attendance of the Meetings of the Board of Directors	100% (18 / 18)
■ Attendance of the Meetings of Audit and Supervisory Committee	100% (14 / 14)

Past experience, positions and responsibilities at the Company

April 1979	Joined Wako Securities Co., Ltd. (current Mizuho Securities Co., Ltd.)
August 1999	Seconded to Wako Economic Research Institute Co., Ltd. (current Japan Investor Relations and Investor Support, Inc.)
April 2012	Joined Diamond Electric Mfg. Co., Ltd.
November 2014	Seconded to Niigata Diamond Electric Co., Ltd. (current Diamond Denshi Mfg. Co., Ltd.)
September 2016	General Manager of President's Office, Diamond Electric Mfg. Co., Ltd.
June 2017	Director, Audit and Supervisory Committee Member
October 2018	Corporate Auditor Director, Audit and Supervisory Committee Member (full-time), the Company (incumbent)
January 2019	Corporate Auditor, Tabuchi Electric Co., Ltd. (current Diamond & Zebra Electric Mfg. Co., Ltd.)
March 2019	Director, Audit and Supervisory Committee Member (full-time) Corporate Auditor, Niigata Diamond Electronics Co., Ltd. (current Diamond Denshi Co., Ltd.) (incumbent)
June 2020	Corporate Auditor, Diamond Electric Mfg. Co., Ltd. Corporate Auditor, Tabuchi Electric Co., Ltd. (current Diamond & Zebra Electric Mfg. Co., Ltd.) (incumbent)
August 2022	Corporate Auditor, Diamond Craft Co., Ltd. (incumbent)

Significant concurrent positions

Corporate Auditor, Diamond & Zebra Electric Mfg. Co., Ltd.
Corporate Auditor, Diamond Denshi Mfg. Co., Ltd.
Corporate Auditor, Diamond Craft Co., Ltd.

Reasons for nomination and expected roles

Mr. Masataka Irie has abundant experience and broad insights gained through his career as a securities analyst. The Company renominates him as a candidate for Director who is Audit and Supervisory Committee Member as it expects him to utilize his expertise for the Company's audit and supervisory management.

During the fiscal year under review, as a full-time Director and Audit and Supervisory Committee Member, he has reflected opinions and recommendations made by the Audit and Supervisory Committee to the Board of Directors and implemented monitoring and supervision so that the Company will perform its duties appropriately. He also points out potential issues and risks that the Company is facing.

Special interests between the candidate for Director who is Audit and Supervisory Committee Member and the Company

There are no special interests between him and the Company.

Term of office as Director

He will have served for four (4) years and eight (8) months at the conclusion of this Meeting.

- Notes:
1. Mr. Masakazu Furukawa is a candidate for External Director who is an Audit and Supervisory Committee Member.
 2. The Company has designated Mr. Masakazu Furukawa as independent director stipulated by the Tokyo Stock Exchange and has filed him with the Exchange accordingly. If he is elected as originally proposed, he will continue to be independent director.
 3. The Company has concluded agreements with Mr. Masakazu Furukawa to limit his liability to the minimum amount set by laws and regulations, pursuant to Article 427, Paragraph 1 of the Companies Act. If he is elected as proposed, the Company plans to continue the agreement.
 4. Mr. Masakazu Furukawa and Mr. Masataka Irie are insured by a directors and officers liability insurance policy that the Company has concluded with an insurance company. The overview and timing of renewal of the policy are stated in "2. Current Status of the Company, (4) Status of Corporate Officers, ⑤ Outline of Liability Limitation Contract," of the Business Report" (in Japanese only). If Mr. Masakazu Furukawa and Mr. Masataka Irie are elected as proposed, they will remain insured by the policy.

(For Reference) Expertise and Experience Required for the Company's Directors (including Audit and Supervisory Committee Members)

Name	Position	[Management]	[Marketing]	[CG]	[ESG]
YuuRi Ono	Representative Director (President and CEO and Group CEO)	●	○	○	○
Takashi Yoshida	Director [External]	○	●		○
Gaku Okamoto	Director [External]			●	○
Jun Hasegawa	Director (CCO, Managing Director of Internal Control and Safety)			○	●
Masakazu Furukawa	Director and Audit and Supervisory Committee Member [External]			●	○
Kazutoshi Miyamoto	Director and Audit and Supervisory Committee Member [External]		●		○
Shiro Kasama	Director and Audit and Supervisory Committee Member [External]			●	○
Masataka Irie	Director and Audit and Supervisory Committee Member			●	○

*For reference, the fields of expertise required primarily and secondarily for each Director are marked with ● and ○ respectively.

[Management] Abilities to formulate and execute the Company's purpose, goals and management strategies, thoroughly pursue a customer-centric attitude, respect working colleagues, show good leadership of taking the initiative and setting a good example for others, and come top in sales.

[Marketing] Understanding of and insight into the utmost priority to meet customer quality standards in manufacturing companies, also understanding of and insight into the global supply chain and the industry.

[CG*] Insight into compliance and corporate social responsibility (CSR) as an attorney-at-law, a former member of a financial institution or a consultant, accountability as a public institution and understanding of management strategy based on the mentioned above.

*CG: Corporate Governance

[ESG*] Abilities to value environmental improvement, living in harmony with the community, and working colleagues.

*ESG: Environment, Social, Governance

(For Reference) Nomination Policy for the Candidates for Director

The Company nominates appropriate candidates for Directors in accordance with the following nomination policy. After consulting with the Audit and Supervisory Committee composed of a majority of External Directors, the Company determines the candidates for Directors by resolution of the Board of Directors and submits the proposal to the General Meeting of Shareholders.

(1) Nomination of Directors (excluding Audit and Supervisory Committee Members)

As for the Company's Directors (excluding Audit and Supervisory Committee Members), the Company nominates candidates who have high ethical standards based on the Group's management philosophy, are capable of strategic thinking and excellent judgement, and are flexible to changes, and are also capable of decision-making and management supervision. Half the number of the Company's Directors (excluding Audit and Supervisory Committee Members) are composed of External Directors.

(2) Nomination of Directors who are Audit and Supervisory Committee Members

As for the Company's Directors who are Audit and Supervisory Committee Members, the Company nominates candidates who have high ethical standards based on the Group's management philosophy, have a certain level of expertise, are capable of appropriately supervising the execution of business operations, and are also capable of giving opinions to the Board of Directors and the management in a flexible and active manner from an independent and objective standpoint. The majority of the Company's Directors who are Audit and Supervisory Committee Members are composed of External Directors.

(For Reference) Criteria for Determining the Independence of External Directors

To enhance corporate value by establishing a corporate governance system that ensures a high level of management transparency and management oversight function, the Company's External Director is judged not to be independent if he/she falls under any of the following items, in addition to the criteria for determining the independence of independent directors stipulated by the Tokyo Stock Exchange.

- (1) When the External Director is currently or has been in the past ten years an executor of business of the Company or its subsidiary
- (2) When a relative within the second degree of kinship of the External Director is currently or has been in the past ten years an executor of business of the Company or its subsidiary
- (3) When the External Director has been in the past three fiscal years an executor of business of the Company's business partner whose transaction amount with the Company exceeds 2% of the Group's consolidated net sales
- (4) When the External Director is a major shareholder of the Company holding an equity ratio of 10% or more in the Company or an executor of business of a company in which the Company has invested
- (5) When the External Director has received compensation from the Company exceeding 5 million yen per year as a legal, accounting or tax specialist or a consultant other than director compensation in the past three fiscal years