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(Stock Exchange Code 6140)
June 6, 2022

To Shareholders with Voting Rights:

Kazuki Kataoka
President and Representative Director
Asahi Diamond Industrial Co., Ltd.
4-1, Kioi-cho, Chiyoda-ku, Tokyo

**NOTICE OF
THE 103RD ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

We are pleased to inform you that the 103rd Annual General Meeting of Shareholders of Asahi Diamond Industrial Co., Ltd. (the “Company”) will be held for the purposes as described below.

To reduce the risk of infection associated with physical attendance at this Meeting amid the spread of the coronavirus disease (COVID-19), we strongly encourage our shareholders to exercise their voting rights in advance in writing or via the Internet, etc. to the extent possible. Please review the attached Reference Documents for the General Meeting of Shareholders, follow the instructions on the next page, and exercise your voting rights by 6:00 p.m. on Thursday, June 23, 2022, Japan time.

- 1. Date and Time:** Friday, June 24, 2022 at 10:00 a.m. Japan time
(Reception desk opens at 9:00 a.m.)
- 2. Place:** Conference room Orizuru Rei, The Main Bldg. Arcade Floor, Hotel New Otani
at 4-1, Kioi-cho, Chiyoda-ku, Tokyo, Japan
- 3. Meeting Agenda:**
Matters to be reported:
 1. The Business Report, Consolidated Financial Statements for the Company’s 103rd Fiscal Year (April 1, 2021 - March 31, 2022) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 103rd Fiscal Year (April 1, 2021 - March 31, 2022)

Proposals to be resolved:

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Partial Amendment to the Articles of Incorporation
- Proposal 3:** Election of Nine (9) Directors
- Proposal 4:** Election of One (1) Audit & Supervisory Board Member
- Proposal 5:** Election of One (1) Substitute Audit & Supervisory Board Member

- © Of the documents required to be provided with this Notice of Convocation, the Consolidated Statements of Changes in Net Assets and the Notes to the Consolidated Financial Statements related to the Consolidated Financial Statements, and the Non-consolidated Statements of Changes in Net Assets and the Notes to the Non-consolidated Financial Statements related to the Non-consolidated Financial Statements are, in accordance with laws and regulations as well as Article 19 of the Articles of Incorporation of the Company, posted on the Company’s website (<https://www.asahidia.co.jp/>) and are therefore not included with the Attached Document. Furthermore, the Consolidated Statements of Changes in Net Assets and the Notes to the Consolidated Financial Statements related to the Consolidated Financial Statements, and the

Non-consolidated Statements of Changes in Net Assets and the Notes to the Non-consolidated Financial Statements related to the Non-consolidated Financial Statements have been audited by the Accounting Auditor and Audit & Supervisory Board Members as part of the Non-consolidated Financial Statements and the Consolidated Financial Statements when preparing the Independent Auditor's Report and the Audit Report, respectively.

- ◎ Any updates to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-consolidated Financial Statements and the Consolidated Financial Statements will be posted on the Company's website (<https://www.asahidia.co.jp/>).
- ◎ Any significant changes to the General Meeting of Shareholders due to the status of the COVID-19 infection will be posted on the Company's website (<https://www.asahidia.co.jp/>).
- ◎ To shareholders who have returned the Voting Exercise Form or exercised their voting rights via the Internet, etc. by the deadline mentioned above, the Company will send a QUO Card (a gift card worth ¥500) at a later date.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

It is proposed that the surplus be appropriated as follows:

Matters concerning year-end dividends

The Company intends to achieve future business development and improve corporate value by aiming to increase capital efficiency while securing financial stability.

The Company pays dividends pursuant to its dividend policy with the focus on distributing profits according to consolidated performance and maintaining a stable dividend.

The Company proposes a year-end dividend of ¥16 per share pursuant to its dividend policy, comprehensively taking into account its performance, financial situation, and other factors for the fiscal year under review.

As a result, the annual dividends for the year, including the interim dividend of ¥8, will amount to ¥24 per share.

1. Type of dividend property
Cash
2. Allocation of dividend property to shareholders and total amount thereof
¥16 per share of common stock of the Company
Total amount of dividends: ¥891,023,408
3. Effective date of dividends from surplus
June 27, 2022

Proposal 2: Partial Amendment to the Articles of Incorporation

1. Reason for the proposal

- 1) The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for General Meetings of Shareholders, the Company proposes amendment of its Articles of Incorporation as follows.
 - (1) The proposed Article 19, Paragraph 1 provides that information contained in the reference materials for the General Meeting of Shareholders, etc. shall be provided electronically.
 - (2) The purpose of the proposed Article 19, Paragraph 2 is to establish a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
 - (3) The provisions related to the Internet disclosure and deemed provision of the reference materials for the General Meeting of Shareholders, etc. (Article 19 of the current Articles of Incorporation) will become unnecessary and will therefore be deleted.
 - (4) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.
- 2) To prepare for the event that the number of Audit & Supervisory Board Members falls below the number required by laws and regulations, the Company proposes the establishment of provisions concerning Substitute Audit & Supervisory Board Members to define the effective period of resolutions for the election of Substitute Audit & Supervisory Board Members and to determine the term of office of a Substitute Audit & Supervisory Board Member who has become an Audit & Supervisory Board Member. In association with the establishment of a new article, changes to article numbers are also proposed.

2. Details of the amendment

The details of the amendment are as follows.

(Underlined portions are amended.)

Current Articles of Incorporation	Proposed Amendment
<p><u>(Internet Disclosure and Deemed Provision of Reference Materials for the General Meeting of Shareholders, Etc.)</u></p> <p><u>Article 19</u></p> <p><u>The Company may, when convening a General Meeting of Shareholders, deem that it has provided information to shareholders pertaining to matters to be described or indicated in the Reference Documents for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements, and Consolidated Financial Statements, by disclosing such information through the Internet in accordance with the provisions provided in the Ordinance of the Ministry of Justice.</u></p> <p><Newly established></p>	<p><Deleted></p> <p><u>(Measures for Electronic Provision, Etc.)</u></p> <p><u>Article 19</u></p> <p><u>The Company shall, when convening a General Meeting of Shareholders, provide information contained in the reference materials for the General Meeting of Shareholders, etc. electronically.</u></p> <p><u>2. Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u></p>

Current Articles of Incorporation	Proposed Amendment
<p><Newly established></p>	<p><u>(Substitute Audit & Supervisory Board Members)</u> <u>Article 33</u> <u>The Company may elect Substitute Audit & Supervisory Board Members at a General Meeting of Shareholders to prepare for the event that the number of Audit & Supervisory Board Members falls below the number required by laws and regulations or the Articles of Incorporation.</u> 2. <u>The provisions of Article 32 shall apply mutatis mutandis to the quorum for a resolution to elect a Substitute Audit & Supervisory Board Member.</u> 3. <u>In the event that a Substitute Audit & Supervisory Board Member elected pursuant to Paragraph 1 becomes an Audit & Supervisory Board Member, the term of office shall be the remaining term of office of his or her predecessor.</u> 4. <u>The resolution to elect Substitute Audit & Supervisory Board Members shall be effective until the beginning of the Annual General Meeting of Shareholders held with respect to the last fiscal year ending within four (4) years after their election as Audit & Supervisory Board Members.</u></p>
<p>Articles <u>33</u> to <u>43</u></p>	<p>Articles <u>34</u> to <u>44</u> (The article numbers are advanced with the text unchanged.)</p>
<p><Newly established></p>	<p><u>(Supplementary Provisions)</u> 1. <u>The deletion of Article 19 (Internet Disclosure and Deemed Provision of Reference Materials for the General Meeting of Shareholders, Etc.) of the current Articles of Incorporation and the establishment of the amended Article 19 (Measures for Electronic Provision, Etc.) shall come into effect on September 1, 2022.</u> 2. <u>Notwithstanding the provisions of the preceding paragraph, Article 19 (Internet Disclosure and Deemed Provision of Reference Materials for the General Meeting of Shareholders, Etc.) of the current Articles of Incorporation shall remain in force with respect to a General Meeting of Shareholders to be held on a date by the end of February 2023.</u> 3. <u>These supplementary provisions shall be deleted on March 1, 2023 or after the lapse of three (3) months from the date of the General Meeting of Shareholders set forth in the preceding paragraph, whichever is later.</u></p>

Proposal 3: Election of Nine (9) Directors

The term of office of a Director of the Company is stipulated to be one (1) year. The terms of office of all nine (9) Directors will expire at the conclusion of this Annual General Meeting of Shareholders.

In order to strengthen corporate governance, the Company proposes the election of nine (9) Directors (of whom three (3) are External Directors) as before.

The candidates for Director are as below.

The Company has nominated the candidates after consulting with the Nomination and Remuneration Advisory Committee and receiving a report from said Committee.

No.		Name (gender)	Current positions and responsibilities	Attendance at Board of Directors' meetings	Attendance at Nomination and Remuneration Advisory Committee meetings
1	Reelection	Kazuki Kataoka (male)	President and Representative Director	9/9	7/7
2	Reelection Non-Japanese	Ming-Shong Lan (male)	Managing Director; Group Companies Management Division Director	9/9	—
3	Reelection	Toshimasa Hagiwara (male)	Director; Marketing Division Deputy Director and East Japan Regional General Manager	9/9	—
4	Reelection	Hideo Abe (male)	Director; Engineering Director and Chiba Factory General Manager	9/9	—
5	Reelection	Tomohiko Hara (male)	Director; Production Director and Mie Factory General Manager	9/9	—
6	New Election	Junichi Matsuda (male)	Executive Officer; Management Strategy Division Director and Group Companies Management Division Overseas Dept. Director	—	—
7	Reelection Candidate for External Director Independent Director	Osamu Koyama (male)	Director (External Director)	9/9	7/7
8	Reelection Candidate for External Director Independent Director	Shinichi Nagata (male)	Director (External Director)	9/9	7/7
9	Reelection Candidate for External Director Independent Director	Yuko Ichikawa (female)	Director (External Director)	7/7	4/4

(Note)

The attendance applicable to Ms. Yuko Ichikawa is different from that for other candidates because she was newly elected as Director at the 102nd Annual General Meeting of Shareholders held on June 25, 2021.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
1	Kazuki Kataoka (March 5, 1952) Reelection No. of years served as Director: 14 years Attendance at Board of Directors' meetings: 9/9 Attendance at Nomination and Remuneration Advisory Committee meetings: 7/7	April 1976 July 2005 June 2008 June 2011 June 2013 June 2015 July 2019	Joined the Company General Manager, Engineering Department, Marketing Division Director; Marketing Division Deputy Director Managing Director; Business Planning Division Director and Marketing Division Deputy Director Representative Executive Managing Director; Marketing Division Director President and Representative Director (present) Nomination and Remuneration Advisory Committee Member (present)	140,126
<p>[Reasons for nomination as a candidate for Director] After joining the Company, Mr. Kazuki Kataoka was involved in marketing, business planning, R&D, etc. He has a wealth of business knowledge, great experience, outstanding capabilities concerning the diamond tool business and a character suitable for a person serving as a Director of the Company. As the President and Representative Director since June 2015, Mr. Kataoka has been responsible for the Company's management and has been performing his duties appropriately. Thus, the Company judges that he satisfies the "Criteria for Appointing Directors" (see page 18) and is a suitable person to serve as a Director of the Company. We, therefore, have nominated him for reelection as a candidate for Director.</p>				
2	Ming-Shong Lan (March 4, 1953) Reelection Non-Japanese No. of years served as Director: 17 years Attendance at Board of Directors' meetings: 9/9	September 1994 August 1996 June 2005 July 2017 June 2019 November 2019 January 2021 [Significant concurrent positions] President, Taiwan Asahi Diamond Industrial Co., Ltd.	Joined the Company; Deputy General Manager Reporting to Managing Division Director (Left the Company in July 1996) President, Taiwan Asahi Diamond Industrial Co., Ltd. (present) Director; International Department, the Company Director; International Division Director Managing Director; International Division Director Managing Director; Global Business Management Division Director Managing Director; Group Companies Management Division Director (present)	49,245
<p>[Reasons for nomination as a candidate for Director] After joining the Company, Mr. Ming-Shong Lan was involved in business planning and serves as the President of an overseas subsidiary. He has a wealth of business knowledge, great experience, outstanding capabilities concerning the diamond tool business and a character suitable for a person serving as a Director of the Company. As a non-Japanese Director of the Company since June 2005, Mr. Lan has been performing his duties appropriately. Thus, the Company judges that he satisfies the "Criteria for Appointing Directors" (see page 18) and is a suitable person to serve as a Director of the Company. We, therefore, have nominated him for reelection as a candidate for Director.</p>				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
3	Toshimasa Hagiwara (November 10, 1959)	April 1982	Joined the Company	45,378
	Reelection	December 2004	Nagoya Branch Deputy General Manager	
No. of years served as Director: 8 years		June 2009	Executive Officer; Nagoya Branch General Manager	
	Attendance at Board of Directors' meetings: 9/9	June 2014	Director; Nagoya Branch General Manager	
		April 2015	President, Shanghai XuHui Diamond Industrial Co., Ltd.	
	April 2015	Director; Representative of China Division		
	July 2017	Director; International Division; Chief Officer for Regional Operations (China and Taiwan)		
	November 2019	Director; Global Business Management Division; Chief Officer for Regional Operations (China and Taiwan)		
	January 2021	Director (President, Shanghai XuHui Diamond Industrial Co., Ltd.)		
	June 2021	Director; Marketing Division Deputy Director and East Japan Regional General Manager (present)		
[Reasons for nomination as a candidate for Director] After joining the Company, Mr. Toshimasa Hagiwara was involved in marketing. He currently serves as the President of an overseas subsidiary. He has a wealth of business knowledge, great experience, outstanding capabilities concerning the diamond tool business and a character suitable for a person serving as a Director of the Company. As a Director of the Company since June 2014, Mr. Hagiwara has been performing his duties appropriately. Thus, the Company judges that he satisfies the "Criteria for Appointing Directors" (see page 18) and is a suitable person to serve as a Director of the Company. We, therefore, have nominated him for reelection as a candidate for Director.				
4	Hideo Abe (July 15, 1957)	April 1980	Joined the Company	20,594
	Reelection	July 2010	General Manager, Manufacturing Department No. 1, Tamagawa Factory	
No. of years served as Director: 3 years		June 2013	Executive Officer; Tamagawa Factory General Manager	
	Attendance at Board of Directors' meetings: 9/9	June 2019	Director; Tamagawa Factory General Manager	
		January 2021	Director; Tamagawa Factory General Manager; Engineering and Development Center Director	
	June 2021	Director; Engineering Director and Chiba Factory General Manager (present)		
[Reasons for nomination as a candidate for Director] After joining the Company, Mr. Hideo Abe was involved in production and engineering, etc. He has a wealth of business knowledge, great experience, outstanding capabilities concerning the diamond tool business and a character suitable for a person serving as a Director of the Company. As a Director of the Company since June 2019, Mr. Abe has been performing his duties appropriately. Thus, the Company judges that he satisfies the "Criteria for Appointing Directors" (see page 18) and is a suitable person to serve as a Director of the Company. We, therefore, have nominated him for reelection as a candidate for Director.				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
5	Tomohiko Hara (January 10, 1958)	April 1980	Joined the Company	25,197
	Reelection	July 2010	General Manager, Manufacturing Department No. 2, Tamagawa Factory	
5	No. of years served as Director: 3 years	February 2013	International Department General Manager (temporarily transferred to P.T. Asahi Diamond Industrial Indonesia)	
	Attendance at Board of Directors’ meetings: 9/9	June 2013	Executive Officer; President, P.T. Asahi Diamond Industrial Indonesia	
		July 2017	Executive Officer; International Division; Chief Officer for Regional Operations (ASEAN and Australia) (President, P.T. Asahi Diamond Industrial Indonesia)	
		June 2019	Director; Mie Factory General Manager	
		June 2021	Director; Production Director and Mie Factory General Manager (present)	
[Reasons for nomination as a candidate for Director] After joining the Company, Mr. Tomohiko Hara was involved in production and engineering, etc., and served as the President of an overseas subsidiary. He has a wealth of business knowledge, great experience, outstanding capabilities concerning the diamond tool business and a character suitable for a person serving as a Director of the Company. As a Director of the Company since June 2019, Mr. Hara has been performing his duties appropriately. Thus, the Company judges that he satisfies the “Criteria for Appointing Directors” (see page 18) and is a suitable person to serve as a Director of the Company. We, therefore, have nominated him for reelection as a candidate for Director.				
6	Junichi Matsuda (April 11, 1961)	April 1986	Joined the Company	10,617
	New election	July 2009	Research and Development Center Director	
6		June 2013	Executive Officer; Research and Development Center Director	
		June 2015	Executive Officer; Business Planning Division Director	
		October 2018	Executive Officer; Management Strategy Division Director and International Department General Manager	
		November 2019	Executive Officer; Management Strategy Division Director	
		January 2021	Executive Officer; Management Strategy Division Director and Group Companies Management Division Overseas Dept. Director (present)	
[Reasons for nomination as a candidate for Director] After joining the Company, Mr. Junichi Matsuda was involved in R&D, management strategy, overseas business, etc. He has a wealth of business knowledge, great experience, outstanding capabilities concerning the diamond tool business and a character suitable for a person serving as a Director of the Company. As an Executive Officer of the Company since June 2013, Mr. Matsuda has been performing his duties appropriately. Thus, the Company judges that he satisfies the “Criteria for Appointing Directors” (see page 18) and is a suitable person to serve as a Director of the Company. We, therefore, have newly nominated him for election as a candidate for Director.				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
7	Osamu Koyama (August 8, 1948) Reelection Candidate for External Director Independent Director No. of years served as Director: 8 years Attendance at Board of Directors' meetings: 9/9 Attendance at Nomination and Remuneration Advisory Committee meetings: 7/7	April 2005 April 2009 January 2013 June 2014 April 2017 July 2019	Executive Officer, Mitsui & Co., Ltd. and Executive Vice President, Mitsui & Co. (U.S.A.), Inc. Executive Managing Officer, Mitsui & Co., Ltd. and President & CEO, Mitsui Global Strategic Studies Institute (retired from these two companies in March 2012) Director, Keimei Gakuen (retired in March 2022) Director of the Company (External Director) (present) Auditor, International University of Japan (present) Member of Nomination and Remuneration Advisory Committee of the Company (present)	0
[Reasons for nomination as a candidate for External Director and expected roles] Having served as Executive Managing Officer, Mitsui & Co., Ltd. and President & CEO, Mitsui Global Strategic Studies Institute, Mr. Osamu Koyama has great experience and profound insight as a manager and is expected to fulfill the role and responsibilities of an External Director, including management oversight and provision of advice on overall management. Thus, the Company judges that he satisfies the "Criteria for Appointing Directors" and the "Criteria for Appointing External Directors" (see page 18) and is a suitable person to serve as a Director of the Company. We, therefore, have nominated him for reelection as a candidate for External Director.				
[Matters concerning independence] Mr. Osamu Koyama has no potential conflicts of interest with general shareholders of the Company because there is no offering or receiving of money between Mr. Koyama and the Company other than Director remuneration. While Mr. Koyama previously served as Executive Managing Officer, Mitsui & Co., Ltd. and President & CEO, Mitsui Global Strategic Studies Institute, the Company and the Mitsui Group have no cross-shareholding, and although the Company procures raw materials from the Mitsui Group, the amount of such transactions was equal to approximately 0.003% of consolidated net sales of Mitsui & Co., Ltd. Mr. Koyama previously served as a Director of Keimei Gakuen and currently serves as an Auditor of the International University of Japan. However, no special interest exists between these educational corporations and the Company. Therefore, Mr. Koyama satisfies the "Independence Criteria for External Directors and External Audit & Supervisory Board Members" (see page 19) and is judged to be independent.				
[Liability limitation agreement] The Company has entered into an agreement with Mr. Osamu Koyama to limit his liability pursuant to Article 423, Paragraph 1 of the Companies Act so that he can fulfill his expected role. The maximum amount of liability pursuant to the agreement is the amount stipulated by laws and regulations. If his reelection is approved, the Company intends to renew the liability limitation agreement with him.				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
8	Shinichi Nagata (January 31, 1948)	July 1998	Associate Director-General, Loan Planning Department, The Fuji Bank, Ltd. (current Mizuho Bank, Ltd.) (Left the company in June 1999)	1,000
	Reelection Candidate for External Director	June 1999	Director, Fine Credit Co., Ltd. (current Yamato Credit & Finance Co., Ltd.)	
	Independent Director	July 2000	Managing Director; Fine Credit Co., Ltd.	
		July 2006	Managing Executive Officer; Fine Credit Co., Ltd. (retired in June 2008)	
	No. of years served as Director: 7 years	June 2008	Audit & Supervisory Board Member (External Audit & Supervisory Board Member) of the Company (retired in June 2015)	
	Attendance at Board of Directors' meetings: 9/9	June 2015	Director of the Company (External Director) (present)	
	July 2019	Member of Nomination and Remuneration Advisory Committee of the Company (present)		
	Attendance at Nomination and Remuneration Advisory Committee meetings: 7/7			
[Reasons for nomination as a candidate for External Director and expected roles] Mr. Shinichi Nagata has great experience and profound insight gained through his career at financial institutions and is expected to fulfill the role and responsibilities of an External Director, including management oversight and provision of advice on overall management. Thus, the Company judges that he satisfies the "Criteria for Appointing Directors" and "Criteria for Appointing External Directors" (see page 18) and is a suitable person to serve as a Director of the Company. We, therefore, have nominated him for reelection as a candidate for External Director.				
[Matters concerning independence] Mr. Shinichi Nagata has no potential conflicts of interest with general shareholders of the Company because there is no offering or receiving of money between Mr. Nagata and the Company other than Director remuneration. Mr. Nagata previously worked for Mizuho Bank, Ltd., which is one of the financial institutions the Company has transactions with, but 23 years have passed since he left the bank. The Company and the Mizuho Financial Group have no cross-shareholding. Loans payable to the said bank amount to only ¥122 million pertaining to an overseas subsidiary of the Company, and the said bank is not a major financial institution for the Company. While Mr. Nagata previously served as a Managing Executive Officer of Yamato Credit & Finance Co., Ltd., no special interest exists between Yamato Credit & Finance Co., Ltd. and the Company. Therefore, Mr. Nagata satisfies the "Independence Criteria for External Directors and External Audit & Supervisory Board Members" (see page 19) and is judged to be independent.				
[Liability limitation agreement] The Company has entered into an agreement with Mr. Shinichi Nagata to limit his liability pursuant to Article 423, Paragraph 1 of the Companies Act so that he can fulfill his expected role. The maximum amount of liability pursuant to the agreement is the amount stipulated by laws and regulations. If his reelection is approved, the Company intends to renew the liability limitation agreement with him.				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
9	Yuko Ichikawa (December 26, 1970)	June 2016	General Manager, Investor Relations Department, Rakuten, Inc. (current Rakuten Group, Inc.) (Left the company in June 2017)	0
	Reelection Candidate for External Director Independent Director	March 2018	External Director, Allied Architects, Inc.	
		May 2019	Founded Market River Corporation; Representative Director, Market River Corporation (present)	
		March 2020	External Director (Audit & Supervisory Board Member), Allied Architects, Inc. (retired in March 2022)	
		June 2021	Director of the Company (External Director) (present)	
No. of years served as Director: 1 year	June 2021	Member of Nomination and Remuneration Advisory Committee of the Company (present)		
Attendance at Board of Directors' meetings: 7/7				
Attendance at Nomination and Remuneration Advisory Committee meetings: 4/4				
[Reasons for nomination as a candidate for External Director and expected roles] Ms. Yuko Ichikawa, as the General Manager of Investor Relations Department at Rakuten, Inc., established an IR team and prepared for the listing on the first section of the Tokyo Stock Exchange. She also has experience of having served as a member of the Study Group on Long-term Investment (Investment evaluating ESG Factors and Intangible Assets) toward Sustainable Growth (Ito Report 2.0) of the Ministry of Economy, Trade and Industry, and thus she has extensive knowledge about investor relations and corporate governance. She is expected to fulfill the role and responsibilities expected of an External Director, including management oversight and provision of advice on overall management. The Company judges that she satisfies the "Criteria for Appointing Directors" and "Criteria for Appointing External Directors" (see page 18) and is a suitable person to serve as a Director of the Company. We, therefore, have nominated her for reelection as a candidate for External Director.				
[Matters concerning independence] Ms. Yuko Ichikawa has no potential conflicts of interest with general shareholders of the Company because there is no offering or receiving of money between Ms. Ichikawa and the Company. Ms. Ichikawa previously served as the General Manager of Investor Relations Department at Rakuten, Inc. and External Director (Audit & Supervisory Board Member) of Allied Architects, Inc., and currently serves as Representative Director of Market River Corporation. However, no special interest exists between these companies and the Company. Therefore, Ms. Ichikawa satisfies the "Independence Criteria for External Directors and External Audit & Supervisory Board Members" (see page 19) of the Company and is judged to be independent.				
[Liability limitation agreement] The Company has entered into an agreement with Ms. Yuko Ichikawa to limit her liability pursuant to Article 423, Paragraph 1 of the Companies Act so that she can fulfill her expected role. The maximum amount of liability pursuant to the agreement is the amount stipulated by laws and regulations. If her reelection is approved, the Company intends to renew the liability limitation agreement with her.				

(Notes)

1. Special interest between candidates for Director and the Company
 - 1) Mr. Ming-Shong Lan, a candidate for Director, also serves as the president of Taiwan Asahi Diamond Industrial Co., Ltd., a subsidiary of the Company, with which the Company has a business relationship, including sales of products.
 - 2) No special interest exists between other candidates for Director and the Company.
2. Messrs. Osamu Koyama and Shinichi Nagata and Ms. Yuko Ichikawa are candidates for External Directors, and the Company has designated them as independent directors/auditors prescribed by Tokyo Stock Exchange, Inc.
3. The Company has entered into a directors and officers liability insurance agreement as prescribed in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to cover damage that may arise as a result of the insured assuming liability for the execution of his or her duties or receiving a claim related to the pursuit of such liability. However, there are exemptions, such as no compensation to be paid for any damage caused intentionally or by gross negligence. The insurance premiums are borne in their entirety by the Company. At the time of renewal, the Company intends to renew the insurance agreement through the resolution of the Board of Directors. If these candidates become Directors, they will be

insured under this insurance agreement.

4. The number of years served as a Director is the number of years that will have been served at the conclusion of this Annual General Meeting of Shareholders.
5. The number of shares of the Company held by each candidate for Director is the number held as of March 31, 2022, and includes the number of shares held through the Executive Shareholding Association.

Proposal 4: Election of One (1) Audit & Supervisory Board Member

To strengthen the audit structure, the Company has decided to increase the number of Audit & Supervisory Board Members by one (1) and proposes the election of one (1) new Audit & Supervisory Board Member.

The consent of the Audit & Supervisory Board has been obtained for the submission of this proposal. The nomination of the candidate for Audit & Supervisory Board Member was approved by the Board of Directors after consultation with the Nomination and Remuneration Advisory Committee with at least half of the members being External Directors, and the receipt of a report from said Committee.

The candidate for Audit & Supervisory Board Member is as follows.

Name (Date of birth)	Past experience, positions and significant concurrent positions		Number of shares of the Company held
Takemi Matsuzaki (July 7, 1961)	April 1985	Joined the Company	0
New election	July 2016	Deputy General Manager, Accounting Department, Administration Division	
	July 2017	Deputy General Manager, Finance Section, Accounting Department, Administration Division	
	July 2021	Senior Expert, Accounting Department, Administration Division (present)	
[Reasons for nomination as a candidate for Audit & Supervisory Board Member] After joining the Company, Mr. Takemi Matsuzaki was involved in administration. He has extensive knowledge about finance and accounting and is well-versed in internal control and audit operations. Based on his experience, the Company judges that he satisfied the “Criteria for Appointing Audit & Supervisory Board Members” (see page 19) and is a suitable person to serve as an Audit & Supervisory Board Member of the Company. We, therefore, have newly nominated him for election as a candidate for Audit & Supervisory Board Member.			
[Liability limitation agreement] If his election is approved, the Company intends to enter into an agreement with him to limit his liability pursuant to Article 423, Paragraph 1 of the Companies Act so that he can fulfill his expected role. The maximum amount of liability pursuant to the agreement will be the amount stipulated by laws and regulations.			

(Notes)

1. No special interest exists between Mr. Takemi Matsuzaki and the Company.
2. The Company has entered into a directors and officers liability insurance agreement as prescribed in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to cover damage that may arise as a result of the insured assuming liability for the execution of his or her duties or receiving a claim related to the pursuit of such liability. However, there are exemptions, such as no compensation to be paid for any damage caused intentionally or by gross negligence. The insurance premiums are borne in their entirety by the Company. At the time of renewal, the Company intends to renew the insurance agreement through the resolution of the Board of Directors. If Mr. Matsuzaki becomes an Audit & Supervisory Board Member, he will be insured under this insurance agreement.

Proposal 5: Election of One (1) Substitute Audit & Supervisory Board Member

To prepare for the event that the number of Audit & Supervisory Board Members falls below the number required by laws and regulations, the Company proposes the election of one (1) Substitute Audit & Supervisory Board Member.

The consent of the Audit & Supervisory Board has been obtained for the submission of this proposal. The nomination of the candidate for Substitute Audit & Supervisory Board Member was approved by the Board of Directors after consultation with the Nomination and Remuneration Advisory Committee with at least half of the members being External Directors, and the receipt of a report from said Committee.

The candidate for Substitute Audit & Supervisory Board Member is as follows.

Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
Eriko Kawajiri (August 18, 1975) New election	October 2003 Assistant Judge, Tokyo District Court April 2008 Public Prosecutor July 2011 Assistant Judge, Tokyo District Court; Judge, Tokyo Summary Court April 2012 Assistant Judge, Morioka District/Family Court; Chief of Branch, Miyako Branch of Morioka District/Family Court; Judge, Morioka Summary Court October 2013 Judge, Morioka District/Family Court; Chief of Branch, Miyako Branch of Morioka District/Family Court; Judge, Morioka Summary Court May 2015 Registered as lawyer and joined HARRO Law Office (present) July 2019 External Director, GiG Works AddValue Inc. (present) June 2020 External Director, HCS HOLDINGS CO., LTD. (present)	0
[Reasons for nomination as a candidate for Substitute Audit & Supervisory Board Member] Ms. Eriko Kawajiri has experience as a public prosecutor, a judge and an external director of other companies, as well as high-level legal expertise as a lawyer, and is expected to fulfill the role and responsibilities of an External Audit & Supervisory Board Member. Thus, the Company judges that she satisfies the “Criteria for Appointing Audit & Supervisory Board Members” and the “Criteria for Appointing External Audit & Supervisory Board Members” (see page 19) and is a suitable person to serve as an Audit & Supervisory Board Member of the Company. We, therefore, have nominated her for election as a candidate for Substitute Audit & Supervisory Board Member.		
[Matters concerning independence] Ms. Eriko Kawajiri has no potential conflicts of interest with general shareholders of the Company because there is no offering or receiving of money between Ms. Kawajiri and the Company. Ms. Kawajiri currently serves as a lawyer of HARRO Law Office, External Director of GiG Works AddValue Inc. and External Director of HCS HOLDINGS CO., LTD. However, no special interest exists between these three organizations and the Company. Therefore, Ms. Kawajiri satisfies the “Independence Criteria for External Directors and External Audit & Supervisory Board Members” (see page 19) of the Company and is judged to be independent. If she becomes an Audit & Supervisory Board Member, the Company intends to designate her as an independent director/auditor prescribed in Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc. and register her as such with the said Stock Exchange.		
[Liability limitation agreement] If Ms. Eriko Kawajiri becomes an Audit & Supervisory Board Member, the Company intends to enter into an agreement with her to limit her liability pursuant to Article 423, Paragraph 1 of the Companies Act so that she can fulfill her expected role. The maximum amount of liability pursuant to the agreement will be the amount stipulated by laws and regulations.		

(Notes)

1. No special interest exists between Ms. Eriko Kawajiri and the Company.
2. Ms. Eriko Kawajiri is a candidate for Substitute Audit & Supervisory Board Member.
3. If Ms. Kawajiri becomes an Audit & Supervisory Board Member, her term of office will expire when her predecessor’s term of office expires as prescribed in the Company’s Articles of Incorporation.
4. This proposal is subject to approval of “Proposal 2: Partial Amendment to the Articles of Incorporation.”
5. The Company has entered into a directors and officers liability insurance agreement as prescribed in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to cover damage that may arise as a result of the insured assuming liability for the execution of his or her duties or receiving a claim related to the pursuit of such liability. However, there are exemptions, such as no compensation to be paid for any damage caused intentionally or by gross negligence. The insurance premiums are borne in their entirety by the Company. At the time of renewal, the Company intends to renew the

insurance agreement through the resolution of the Board of Directors. If Ms. Kawajiri becomes an Audit & Supervisory Board Member, she will be insured under this insurance agreement.

(Reference)

Policies and Procedures for Nominating Candidates for Director and Audit & Supervisory Board Member

The Company has established the “Nomination and Remuneration Advisory Committee” as a voluntary advisory body to the Board of Directors on July 31, 2019 in order to ensure transparency and objectivity in the procedures concerning the nominations and remuneration, as well as to further enhance the corporate governance system.

The Nomination and Remuneration Advisory Committee consists of three or more Directors appointed by the Board of Directors, and the majority of them are independent External Directors. The chairman was appointed from the committee members who are independent External Directors through the resolution of the “Nomination and Remuneration Advisory Committee.”

This committee deliberates on matters concerning nominations and remuneration in response to requests from the Board of Directors, submit reports to the Board of Directors, and has set the “Criteria for Appointing and Dismissing Directors.”

The committee attaches the greatest importance to the independence in the election of External Directors and External Audit & Supervisory Board Members, and has set forth its own “Independence Criteria” as follows.

Criteria for Appointing and Dismissing Directors

1. Criteria for Appointing Directors
 - 1) There is no significant impediment to the execution of duties as a Director, including mental and physical health.
 - 2) There is no violation of laws, regulations, or the Articles of Incorporations, etc.
 - 3) A person who possesses knowledge, capabilities, ethical standards required as a Director.
 - 4) A person who has experience required for a Director and maintain a high level of foresight.
 - 5) A person who can contribute to improvement in the Company’s business performance and corporate value through the creation of a management plan, execution of duties in the area under their supervision or the division in charge.
2. Criteria for Appointing External Directors
 - 1) A person who satisfies the independence criteria stipulated by the Company.
 - 2) A person who can provide fair and highly transparent advice and recommendations for decision-making by the Board of Directors from an independent and objective standpoint.
 - 3) A person who can supervise the Company’s management through the appointment and dismissal of management executives as well as other important decision-making by the Board of Directors from an independent and objective standpoint.
 - 4) A person who can oversee conflicts of interests among the Company, management executives, and controlling shareholders from an independent and objective standpoint.
 - 5) A person who can reflect opinions of stakeholders including non-controlling shareholders to the Board of Directors from an independent and objective standpoint.
3. Criteria for Dismissing Directors
 - 1) In the case where the Director has committed an act that offends against public order and decency
 - 2) In the case where the Director has violated laws and regulations, the Articles of Incorporation or any other rules of the Group, causing significant losses or business interruption to the Group
 - 3) In the case where the Director has significant difficulties in performing duties

Criteria for Appointing and Dismissing Audit & Supervisory Board Members

1. Criteria for Appointing Audit & Supervisory Board Members
 - 1) There is no significant impediment to the execution of duties as an Audit & Supervisory Board Member, including mental and physical health.
 - 2) There is no violation of laws and regulations, the Articles of Incorporations, etc.
 - 3) A person who possesses knowledge, capabilities, ethical standards required as an Audit & Supervisory Board Member.
 - 4) At least one Audit & Supervisory Board Member in the Audit & Supervisory Board must possess extensive knowledge about finance and accounting.
2. Criteria for Appointing External Audit & Supervisory Board Members
 - 1) A person who satisfies the independence criteria stipulated by the Company.
 - 2) A person who can audit and make recommendations on reasonableness and appropriateness of the Board of Directors from an independent and objective standpoint.
3. Criteria for Dismissing Audit & Supervisory Board Members
 - 1) In the case where the Audit & Supervisory Board Member has committed an act that offends against public order and decency
 - 2) In the case where the Audit & Supervisory Board Member has violated laws and regulations, the Articles of Incorporation or any other rules of the Group, causing significant losses or business interruption to the Group
 - 3) In the case where the Audit & Supervisory Board Member has significant difficulties in performing duties

Independence Criteria for External Directors and External Audit & Supervisory Board Members

If none of the following attributes applies to an External Director or External Audit & Supervisory Board Member, the Company judges that such person is independent from the Company.

- (1) A person affiliated with a major shareholder that substantially holds 10% or more of the voting rights of the Company
- (2) A person affiliated with an entity that substantially holds 10% or more of the voting rights of the Company
- (3) A person affiliated with a business partner whose purchases from the Company accounted for 3% or more of the Company's consolidated net sales for the previous year
- (4) A person affiliated with a business partner whose annual sales to the Company accounted for 3% or more of the business partner's consolidated net sales for the previous year
- (5) A person affiliated with a financial institution that is indispensable for the Company's financing and on whom the Company is dependent to the extent that it is irreplaceable
- (6) A consultant, an accounting professional or a legal professional who received money or other assets amounting to 10 million yen or more from the Company in the previous year other than the Director's or Audit & Supervisory Board Member's remuneration (If the person receiving money, etc. is an organization such as a legal entity, a person affiliated with such organization)
- (7) A person affiliated with a legal entity that received donations amounting to 10 million yen or more from the Company in the previous year
- (8) A person to whom any of (1) to (7) above applied in the past three years
- (9) The spouse or relative in the second degree of kinship of a person to whom any of (1) to (8) above apply

(Reference)

Skills Matrix of the Expertise and Experience of the Directors and Audit & Supervisory Board Members, Subject to Approval of Proposals 3 and 4

Name		Major Expertise and Experience of Directors and Audit & Supervisory Board Members							
		Management & strategy	Production & engineering	Research & development	Sales & marketing	Global	Finance & accounting	Legal & risk management	Governance
Directors	Kazuki Kataoka	○	○	○	○	○			○
	Tomohiko Hara	○	○	○		○			
	Ming-Shong Lan	○	○		○	○			○
	Toshimasa Hagiwara	○	○		○	○			
	Hideo Abe	○	○	○					
	Junichi Matsuda	○		○		○			
	Osamu Koyama	○			○	○			
	Shinichi Nagata	○					○	○	○
	Yuko Ichikawa	○					○		○
Audit & Supervisory Board Members	Takemi Matsuzaki						○		○
	Morio Kayama						○	○	○
	Yukio Otaka				○	○	○		
	Masahito Kawashima	○				○	○	○	○

(Note)

Representative skills of each Director or Audit & Supervisory Board Member are shown, and not all knowledge and experience are listed.