

Stock code: 7244

March 6, 2020

To Our Shareholders
Itado 80, Isehara-shi, Kanagawa-ken
ICHIKOH INDUSTRIES, LTD.
Representative Director & Chairman
Ali Ordoobadi

Notice of the 90th Ordinary General Meeting of Shareholders

We appreciate your continuing support to our company.

You are cordially invited to the 90th Ordinary General Meeting of Shareholders of ICHIKOH INDUSTRIES, LTD., which will be held as described below. Your participation will be greatly appreciated.

If you are unable to attend the meeting in person, you can exercise your voting rights in writing. Please review the “Reference Documents for the Ordinary General Meeting of Shareholders”, indicate for or against on each agenda item in the enclosed Voting Rights Exercise Form, and send it in a timely manner to us so that we will be able to receive it by 5:30 p.m., Wednesday, March 25, 2020.

Date and Time: Thursday, Mar 26, 2020 10:00 AM

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Place: 348 Tanaka, Isehara-shi, Kanagawa-ken
Isehara Civic Culture Center, Small Hall on the 1st Floor

Agenda:

Matters to be Reported:

1. Business Report, the Consolidated Financial Statements and the Audit Results of the Consolidated Financial Statements for the 90th Fiscal Year (from January 1, 2019 to December 31, 2019) by the Accounting Auditor and the Board of Auditors.
2. Report of the Non-consolidated Financial Statements for the 90th Fiscal Year (from January 1, 2019 to December 31, 2019).

Matters to be Resolved:

- Proposal No. 1: Disposition of Surpluses
Proposal No. 2: Election of Ten (10) Directors
Proposal No. 3: Election of two (2) Corporate Auditors
Proposal No. 4: Election of One (1) Substitute Corporate Auditor
Proposal No. 5: Determination of Amount of Performance-based Stock Compensation for

Directors

You are kindly requested to present the enclosed Voting Rights Exercise Form to the person at the reception when you attend the meeting in person.

Among the documents provided with this Notice of the Ordinary General Meeting of Shareholders, the Notes of the Consolidated Financial Statements, the Notes of the Non-consolidated Financial Statements and the Systems to Ensure the Appropriateness of Business Execution are disclosed on our website (<http://www.ichikoh.com/ir/stockholder/stock09.html>) in accordance with the relevant laws and regulations and Article 15 of the Article of Incorporation of the Company, and thus are not included in the Attached Documents. Accordingly, the Attached Documents enclosed with this Notice represent a part of the Business Report, Consolidated Financial Statements and the Non-consolidated Financial Statement audited by Corporate Auditors in preparation of Audit Report of the Board of Auditors and a part of the Consolidated Financial Statements and the Non-consolidated Financial Statement audited by Accounting Auditor in preparation of Accounting Audit Report.

If any changes are made in any of the Reference Documents for the Ordinary General Meeting of Shareholders, the Business Report, the Consolidated Financial Statement, and the Non-Consolidated Financial Statement, such changes will be posted on our website (<http://www.ichikoh.com/>).

(Attached Documents)

Business Report
(January 1, 2019 through December 31, 2019)

1. Present Status of the Corporate Group

(1) Status of Business for the Current Consolidated Business Year

① Progress and Result of Business

The Japanese economy for this consolidated business year remained positive for the full business year because long vacations for the change of Japan's imperial era name and last-minute demand before consumption tax increase covered the decline of demand after the consumption tax increase in domestic demand, and foreign demand slowed down as a whole due to the decrease in exports mainly to the Asia region such as China as a result of USA-China trade war.

In overseas, while business index in USA such as consumption and employment remained generally steady, China is facing economic slowdown due to the decrease of exports to USA, but there are some improvement such as smaller decline in personal consumption in domestic demand, and smaller decline of exports due to the demand in developing countries such as ASEAN in overseas demand. As for the developing countries of ASEAN, the strong economy is becoming weaker, in particular in Thailand, where exports dropped by the impact of the economic slowdown of China.

Looking at the car industry to which our group belongs, the volume of domestic car production decreased compared to the same period of last year due to the decline in demand after the consumption tax increase in October. In ASEAN market, although the car production in Malaysia was increased, car production in Thailand was dropped even though the car sales was increased, and also the car production in Indonesia was dropped, all of which resulted a decrease of car production volume in the three countries in ASEAN regions in total compared to the same period of last year. Also in China, car production volume decreased compared to the same period of last year due to slowdown of the economy, particularly due to the sluggishness in the production of passenger cars.

Under those circumstances, on a combined basis of ASEAN's overseas subsidiaries, the increase of both income and profit was secured. On the other hand, both sales and profit of our group decreased compared to the same period of last year because of the lower income and profit of mirror manufacturing subsidiary in China, as well as the impact of reduction in production mainly for export models in Japan despite the increase of production models of strong sales that continued from last year, and the increase of research and development costs.

As a result, the revenue was 133,053 million yen (same period of last year 5.4% decrease compared to the same period of last year), operating income was 6,440 million

yen (same period of last year 28.5% decrease compared to the same period of last year), ordinary income was 7,363 million yen (same period of last year 24% decrease compared to the same period of last year), and net income attributable to parent company shareholders was 5,214 million yen (same period of last year 46.5% decrease compared to the same period of last year).

Moving to the results by each segment for Automotive-Parts business, on a combined basis of ASEAN's overseas subsidiaries, both income and profit increased. On the other hand, because of the lower income and profit of mirror manufacturing subsidiary in China, as well as the impact of reduction in production mainly for export models in Japan despite the increase of production models of strong sales that continued from last year, and the increase of research and development costs, both sales and profit decreased compared to the same period of last year. As a result, the revenue was 124,403 million yen (same period of last year 5.5% decrease compared to the same period of last year) and operating income was 6,305 million yen (same period of last year 27.9% decrease compared to the same period of last year).

For After-Market business, the revenue was 8,687 million yen (same period of last year 1% increase compared to the same period of last year), operating income was 209 million yen (same period of last year operating 20.5% decrease compared to the same period of last year).

For other business, the revenue was 1,710 million yen (same period of last year 13.8% decrease compared to the same period of last year), operating loss was 82 million yen (operating income was 3 million yen compared to the same period of last year).

Regarding the dividends, the Company considers the achievement of the both ① improvement of corporate value by using internal reserves to conduct research and development and capital investments, and ② improvement of profit return to shareholders as the most important issues of the Company. Under this basic policy and by comprehensively considering matters such as a strong demand for technology development funds to survive the intense competitive environment, and necessity to ensure a higher payout ratio than last year, the Company would like to also make the year-end dividend 3.5 yen, same as interim dividend, which makes the annual dividends 7 yen same as last year.

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(Note) The Business Report is described under the following rules.

1. The figures shown in the unit of millions of yen are rounded down to the nearest million.
2. The shares shown in the unit of thousands are rounded down to the nearest thousand.

| Category                  | Sales in million yen | Operating Income in million yen |
|---------------------------|----------------------|---------------------------------|
| Automotive Parts Business | 124,403              | 6,305                           |
| After-market Business     | 8,687                | 209                             |
| Other Businesses          | 1,710                | △82                             |

② Status of Capital Investment

The total amount of capital investment in this fiscal year was 11,902 million yen, and the major investments are new products of lamps and rear-view mirrors, model changes and capital investment for newly established Atsugi plant and improvement of productivity.

③ Status of Funding

In this fiscal year, the company raised 5,500 million yen through a syndicated loan led by Mizuho Bank.

④ Status of Assignment of Business, Absorption-type Split and Incorporation-type Split

Not applicable.

⑤ Status of Taking over of Business of other Companies

Not applicable.

⑥ Status of the assignment of rights and obligations of other corporation, etc., by means of Absorption-type Merger or Absorption-type Split

Not applicable.

⑦ Status of Acquisition or Disposition of Other Companies' Stock and other Equity or Share Subscription right

Not applicable.

## (2) Status of Properties and Financial Results

| Classification                                                       | FY2016<br>87 <sup>th</sup> Term | FY2017<br>88 <sup>th</sup> Term | FY2018<br>89 <sup>th</sup> Term | FY2019<br>90 <sup>th</sup> Term<br>(current) |
|----------------------------------------------------------------------|---------------------------------|---------------------------------|---------------------------------|----------------------------------------------|
| Net Sales (M yen)                                                    | 113,195                         | 94,070                          | 140,600                         | 133,053                                      |
| Ordinary Income (M yen)                                              | 5,233                           | 4,660                           | 9,694                           | 7,363                                        |
| Net profit attributable to<br>parent company<br>shareholders (M yen) | 5,916                           | 3,792                           | 9,756                           | 5,214                                        |
| Net Income per Share<br>(yen)                                        | 61.63                           | 39.47                           | 101.54                          | 54.26                                        |
| Total Assets (M yen)                                                 | 96,850                          | 103,177                         | 102,416                         | 109,813                                      |
| Net Assets (M yen)                                                   | 28,930                          | 33,266                          | 39,997                          | 45,405                                       |
| Net Assets per Share<br>(yen)                                        | 288.08                          | 332.18                          | 403.79                          | 460.23                                       |

Note: Financial figures in the 88<sup>th</sup> term are consisted of nine months from April 1 to December 31, 2017 due to changes of the fiscal year.

## (3) Status of Important Parent Companies and Subsidiaries

## ① Status of Parent Company

Valeo Bayen and its parent company Société de Participations Valeo, and also Valeo. S.A. the parent company of Société de Participations Valeo are the parent companies of the Company, and own 58,791 thousand shares of the Company (61.16% of shares).

At the end of this consolidated fiscal year, in order to improve fund efficiency, including the parent company group, the group of the Company has provided loans and has borrowings to and from the parent company as follows:

Loans 5,888 million yen

Borrowings 2,412 million yen

Matters related to transactions are as follows:

- i. Matters to which attention was paid to avoid impairment of interest of the Company in transactions  
As for borrowings and loans to and from the parent Company or affiliates, it was confirmed that the interest rate was determined considering the market interest rate.
- ii. Judgments by the Board of Directors whether or not the transaction(s) impairs the Company's interest and its reasons  
As described in (1) above
- iii. Opinion by Independent Outside Directors if it is different from the opinion of the

Board of Directors

Not applicable.

② Status of Important Subsidiaries

| Company Name                           | Capital Amount | Ichikoh's Share | Main Business                             |
|----------------------------------------|----------------|-----------------|-------------------------------------------|
| PIAA Corporation                       | 475 M yen      | 100.0 %         | Sales of automotive parts for aftermarket |
| PIAA Corp., USA                        | USD 0.6M       | 100.0 %         | Sales of automotive parts for aftermarket |
| Misato Industries, Ltd.                | 95 M yen       | 100.0 %         | Manufacture and sales of automotive parts |
| Kyushu Ichikoh Industries, Ltd.        | 50 M yen       | 100.0 %         | Manufacture and sales of automotive parts |
| Life Elex, Inc.                        | 45 M yen       | 59.1 %          | Manufacture and sales of automotive bulbs |
| Ichikoh (Malaysia) SDN. BHD.           | MYR 9 M        | 70.0 %          | Manufacture and sales of automotive parts |
| PT. Ichikoh Indonesia                  | IDR 133,124 M  | 100 %           | Manufacture and sales of automotive parts |
| Ichikoh Industries (Thailand) Co. Ltd. | THB 2,360 M    | 99.9 %          | Manufacture and sales of automotive parts |
| Ichikoh (Wuxi) Automotive Parts        | USD 7 M        | 100.0 %         | Manufacture and sales of automotive parts |

(Note) Hakuden Ltd. has become a liquidating company as from December 31, 2019 to realize more effective group management.

(4) Major Operations (as of December 31, 2019)

Major line of business of Ichikoh group is the manufacture and sales of automotive lamps and rearview mirrors as outlined below:

| Category                | Major products                                                                         |
|-------------------------|----------------------------------------------------------------------------------------|
| Lamps                   | Head Lamps (halogen, HID, LED)<br>Rear Combination Lamps(Bulb, LED)<br>Fog Lamps, etc. |
| Rearview Mirrors        | Door Mirrors, Inside Mirrors, Electronic Mirrors, etc.                                 |
| Other Automotive Parts  | Windshield Wiper Blades, etc.                                                          |
| Non-automotive Products | Lamps for railroad carriages, house apparatus, etc.                                    |

## (5) Major Sales Offices and Plants (as of December 31, 2019)

## ① Ichikoh Industries, Ltd.

| Name          | Location                 | Name               | Location           |
|---------------|--------------------------|--------------------|--------------------|
| Head Office   | Isehara-shi,<br>Kanagawa | Chubu Branch       | Nagoya-shi, Aichi  |
| Isehara Plant | Isehara-shi,<br>Kanagawa | Ota Sales Office   | Ota-shi, Gunma     |
| Atsugi Plant  | Atsugi-shi,<br>Kanagawa  | Tokyo Sales Office | Shinjuku-ku, Tokyo |
| Fujioka Plant | Fujioka-shi, Gunma       | Osaka Sales Office | Suita-shi, Osaka   |
| Mirror Plant  | Fujioka-shi, Gunma       |                    |                    |

(Note) Sapporo Sales Office has been merged with Aftermarket Department Tokyo Sales Office as from March 31, 2019 for the purpose of effective use of resources.

## ② Subsidiaries

| Name                            | Location            | Name                                      | Location                     |
|---------------------------------|---------------------|-------------------------------------------|------------------------------|
| PIAA Corporation                | Bunkyo-ku, Tokyo    | Ichikoh (Malaysia)                        | Negri Sembilan,              |
| Misato Industries, Ltd.         | Kodama-gun, Saitama | SDN. BHD.                                 | Malaysia                     |
| Kyushu Ichikoh Industries, Ltd. | Nakatsu-shi, Oita   | PT. Ichikoh Indonesia                     | West Java, Indonesia         |
| Life Elex, Inc.                 | Ohra-gun, Gunma     | Ichikoh Industries (Thailand) Co. Ltd.    | Amata-city, Thailand         |
| PIAA, Corp., USA                | Oregon, USA         | Ichikoh(Wuxi ) Automotive Parts Co., Ltd. | Jiangsu Province, P.R. China |

(Note) Hakuden Ltd. has become a liquidating company as from December 31, 2019 to realize more effective group management.

## (6) Information about Employees (as of December 31, 2019)

## ① Status of Employees of Ichikoh Group

| Number of Employees | Comparison to End of Last Fiscal Year |
|---------------------|---------------------------------------|
| 3,796 (1,808)       | Decreased by 74 (decreased by 223)    |

(Note) The number of employees includes only those with no fixed term contract, exclusive of the number of employees with fixed term contract, such as part-timers and temporary workers, which is shown in parentheses by the annual average number.



## ② Status of Employees of Ichikoh

| Number of Employees | Comparison to End of Last Fiscal Year | Average Age | Average Years of Service |
|---------------------|---------------------------------------|-------------|--------------------------|
| 1,853(899)          | Decreased by 36 (decreased by 121)    | 41.1        | 16.5                     |

(Note) The number of employees includes only those with no fixed term contract, exclusive of the number of employees with fixed term contract, such as part-timers and temporary workers, which is shown in parentheses by the annual average number.

## (7) Information about Major Loan Providers (as of December 31, 2019)

| Loan Provider          | Balance of Loaned Amount (million yen) |
|------------------------|----------------------------------------|
| Mizuho Bank            | 3,004 Million yen                      |
| Bank of Mitsubishi UFJ | 2,687 Million yen                      |
| Valeo                  | 1,500 Million yen                      |

## (8) Other Important Matters regarding Current Status of Ichikoh Group

## Operation of plant in Japan

The Company newly established the “Atsugi Plant” in Atsugi-shi, Kanagawa, on May 2019, and started operations on July of the same year. In order to improve production effectiveness by utilizing the innovative production technology concept developed by Valeo, production at Isehara plant are gradually being transferred to Atsugi plant.

## (9) Challenges Facing Ichikoh

The Mission of our Company group is “Reflect and Shine: Create a driving environment that feels safe, offers more protection, and provides more comfort,” and the Vision is to “continuously endeavor to become a corporation that satisfies both customers and society by pioneering the frontiers of technology and supplying optimal solutions which being ecologically minded.”

Given the prospects of the mid to long-term volume of automobile production, which is the market of our Company group, the domestic market tend to be reaching the limit due to the declining birthrate and aging society, and the demand increase coming from increased production volume can be expected in China and ASEAN. Under the circumstances, in Japan, we will utilize our high technology development capabilities and seek to grow by increasing added value such as acceleration of change of light sources to LED and making headlamps higher performance by applying sensor technologies. Meanwhile, in overseas such as ASEAN and China, the Company group's growth strategy

is to capture the demand, including that comes from increased production volume, while taking advantage of the high level technical expertise cultivated in Japan.

Recently, the functions required for automotive parts such as those required from the progress of automatic driving technology are becoming more diversified, and it seems that big changes will happen at a faster speed than ever before. Among them, the bipolarization of components with high added value and low cost is expected to progress further, and thus we need to speed up the pace not only for research and development of products, but also for development of manufacturing technology to strengthen cost competitiveness. On the other hand, issues such as impact of US-China trade friction on the economy, increasing geopolitical risks, increasing costs to reduce the effects on the environment are increasing uncertainty in the business environment, therefore, expansion of financial foundation by Company's own efforts is also an important issue to be considered.

In order to carry out these growth strategies and to deal with the issues, we will utilize collaboration with Valeo, our parent company, to jointly develop new products such as products responding to automatic driving, and to reduce cost from joint procurement and joint research, taking full advantage of scale merit, and we will conduct activities to acquire additional market share in the global market by expanding our customer base and strengthening geographical mutually complementary relationship, and will also obtain the benefits from interest rates by utilizing funds from Valeo.

In addition, by establishing and operating the internal control system to secure credibility of our financial statements, to structure the risk management system and to eliminate the conflict of interest by the parent-subsidiary listings, the company will improve compliance awareness of all people engaging in the business of our Company group to fulfill our social responsibility as a corporation. The Company will further enhance governance based on the corporate governance guidelines revised last year.

We would appreciate your continuing support and cooperation as shareholders.

## 2. Outline of Ichikoh Industries, Ltd.

### (1) Information about Shares (as of December 31,2019)

① Total number of shares authorized to be issued: 200,000,000

② Total number of shares issued: 96,292,401

③ Number of Shareholders: 5,450

④ Major Shareholders: Major 10 shareholders

| Name of Shareholder                      | Investment in Ichikoh |               |
|------------------------------------------|-----------------------|---------------|
|                                          | Number of Shares      | Holding Ratio |
| Valeo Bayen                              | 58,791 thousand       | 61.16%        |
| Mizuho Bank                              | 4,775 thousand        | 4.96%         |
| Japan Trustee Services Bank, Ltd. (Trust | 2,847 thousand        | 2.96%         |

|                                                                                            |                |       |
|--------------------------------------------------------------------------------------------|----------------|-------|
| Account)                                                                                   |                |       |
| Daihatsu Motor                                                                             | 2,712 thousand | 2.82% |
| The Master Trust Bank of Japan, Ltd.<br>(Trust Account)                                    | 2,534 thousand | 2.63% |
| BNP PARIBAS SEC SERVICES<br>LUXEMBOURG/ JASDEC/ FIM/<br>LUXEMBOURG FUNDS/ UCITS<br>ASSETS  | 1,130 thousand | 1.17% |
| BNP PARIBAS SEC SERVICES<br>LUXEMBOURG/ JASDEC/ ABERDEEN<br>STANDARS SICAV I CLIENT ASSETS | 1,118thousand  | 1.16% |
| Nippon Life Insurance Company                                                              | 1,040 thousand | 1.08% |
| JP MORGAN CHASE BANK 385151                                                                | 866 thousand   | 0.90% |
| Japan Trustee Services Bank, Ltd. (Trust<br>Account).                                      | 606 thousand   | 0.63% |

(Note) The shareholding ratio was calculated excluding the treasury stock (164,996 shares).  
The figures less than the unit are rounded down.

(2) Status of Share Subscription Right (as of December 31, 2019)

Not applicable.

(3) Status of Ichikoh's Officers

① Status of Directors and Corporate Auditors (as of December 31, 2019)

| Title                                   | Name                | HQ./Dept. in charge and status of important concurrent position                                          |
|-----------------------------------------|---------------------|----------------------------------------------------------------------------------------------------------|
| Representative Director & Chairman CEO  | ORDOOBADI, Ali      | Oversees Audit Dept., Representative Director of Valeo Japan Co., Ltd., Director of Valeo Kapec Japan KK |
| Representative Director & President COO | SAUER, Heiko        |                                                                                                          |
| Director                                | MIYASHITA, Kazuyuki | In charge of R&D HQ, Advanced Dev. HQ, Industrial HQ, Project Progress Control Office. PM HQ Director    |
| Director                                | NAKANO, Hideo       | Mirror PL Director.                                                                                      |
| Director                                | SHIRATO, Hideki     | In charge of Corp. Planning Dept., Legal Dept. , General Accounting HQ.                                  |

|                                  |                         |                                                                                                                                                                                                                                                       |
|----------------------------------|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Director                         | VILATTE,<br>Christophe  | Lighting RO Director                                                                                                                                                                                                                                  |
| Director                         | THIVOYON,<br>Bruno      | Valeo Visibility Group Finance Director                                                                                                                                                                                                               |
| Director                         | MARTINELLI<br>,Maurizio | Valeo Visibility Group President, Valeo S.p.A.<br>Director & Legal Representative, Valeo Vision SAS<br>President, Valeo Iluminacion S. A.U. Director &<br>Chairman and Legal Representative, Valeo Vision<br>Belgique Director & Legal Representative |
| Director                         | AOMATSU,<br>Hideo       | Representative Director and President of DRC<br>Capital, Ltd., Representative Director and CEO of<br>JPH Co., Ltd.                                                                                                                                    |
| Corporate Auditor<br>(Full Time) | HASHIMOTO<br>, Hisaki   |                                                                                                                                                                                                                                                       |
| Corporate Auditor                | TSURUMAKI,<br>Aki       | Kamijo/Tsurumaki Law Office (Attorney at Law)<br>Outside Director of BELLSYSTEM24 Holdings,<br>Inc.                                                                                                                                                   |
| Corporate Auditor                | SEVAISTRE,<br>Pierre    |                                                                                                                                                                                                                                                       |

(Notes)

1. Mr. Hideo Aomatsu is outside directors stipulated by Article 2-15 of the Companies Act. The Company submitted to the TSE a notice of independent officer appointing Mr. Hideo Aomathsu as the independent officers.
2. Corporate Auditors, Mr. Aki Tsurumaki and Mr. Pierre Sevaistre, are outside corporate auditors stipulated by Article 2-16 of the Companies Act. The Company submitted to the TSE a notice of independent officer appointing Mr. Aki Tsurumaki and Mr. Pierre Sevaistre, both Corporate Auditors, as the independent officers.
3. Mr. Hisaki Hashimoto, a Corporate Auditor, has good experience of internal audit of the Company and has knowledge in finance and accounting.
4. Director, Mr. Bruno Thivoyon retired as of January 15, 2020.

② Directors and Corporate Auditors who retired during this fiscal year

| Position at the time of retirement | Name               | Date of Retirement | Reason      | Position and Important Concurrent Position at the time of retirement |
|------------------------------------|--------------------|--------------------|-------------|----------------------------------------------------------------------|
| Director                           | DELMAS,<br>Bernard | July 31, 2019      | Resignation | Chairman of Nihon Michelin Tire Co. ltd.<br>Outside Director of      |

|  |  |  |  |                        |
|--|--|--|--|------------------------|
|  |  |  |  | Nissan Motor Co., Ltd. |
|--|--|--|--|------------------------|

- ③ Mr. Hideo Aomatsu, Mr. Aki Tsurumaki, Mr. Pierre Sevaistre, and Hisaki Hashimoto, Corporate Auditors, and the Company entered into an agreement limiting the liability under Article 423-1 of the Company Act, based on our Articles of Incorporation and Article 427-1 of the Company Act. The maximum amount of the limited liability based on this agreement is as set forth in Article 425-1 of the Company Act.
- ④ Total Remuneration to Directors and Corporate Auditors (Jan. 2019 through Dec. 2019)

Remuneration paid during the Current Business Year

| Classification                                                                                                      | Number of Persons | Amount Paid                          |
|---------------------------------------------------------------------------------------------------------------------|-------------------|--------------------------------------|
| Directors<br>(Outside Directors included in the above)                                                              | 8<br>(2)          | 336 million yen<br>(14 million yen)  |
| Corporate Auditors<br>(Outside Corporate Auditors included in the above)                                            | 3<br>(2)          | 22 million yen<br>(8 million yen)    |
| Total of Directors & Corporate Auditors<br>(Outside Directors and Outside Corporate Auditors included in the above) | 11<br>(4)         | 359 million yen<br>( 22 million yen) |

(Notes)

- The above list does not include two non-executives Directors who do not receive any remuneration.
  - The above includes the value of the monetary compensation receivables for restricted stock which was granted on May 14, 2019. (those who received monetary compensation for restricted stock are Messrs. Ali Ordoobadi, Heiko Sauer, Kazuyuki Miyashita, Hideo Nakano, Hideki Shirato, Christophe Vilatte, Hideo Aomatsu, Bernard Delmas)
  - The numbers for remuneration shown above were rounded down to the million.
- ⑤ Policy and determination method of compensation amount and calculation method of such compensation for Directors and Corporate Auditors

a. Policy to determine compensations

The basic policy of compensation for Directors is, considering that the main duties of Directors are to supervise business executions and enhance corporate values, and with the aim to secure excellent human resources and to have effective functions for supervisory and management, the compensations are determined in consideration of the balance between fixed compensations and performance-linked compensations. The basic policy of compensation for Executive Officers is, considering that the main duty of Executive Directors is to increase corporate value as the person responsible for the management of the department in charge, and with the aim to secure excellent human

resources and to have effective functions of incentives to improve business performance, the compensations are determined in consideration of the balance between fixed compensations and performance-linked compensations.

b. Compensation for Directors and Executive Officers

Directors (excluding Outside Directors) and Executive Officers receive a fixed compensation based on the position of President, Senior Managing Executive Officer, Managing Executive Officer, etc. and the performance-linked compensation is paid according to the degree of achievement of year-end performance and the KPI (Key Performance Index) that was separately set depending on the content of duties of each Executive Officer.

⑥ Matters regarding Outside Corporate Officers

A. Mr. Hideo Aomatsu, Director

(a) Status of Concurrent Position as a person executing business or as an Outside Corporate Officers in Other Entity(ies) and the Relationship between the Company and such Other Entity(ies):

Representative Director and President of DRC Capital Ltd., Representative Director and CEO of JPH Co., Ltd., Director of Super Resin Inc.

There is no specific relationship between such entity and the Company.

(b) Business Relationship with Specific Related Business Entities such as Major Business Partners:

Not applicable.

(c) Main Activities During the Current Business Year

He attended all 10 Board meetings out of 10 meetings held during this current business year, expressing his opinions based on his abundant experience as a management executive.

B. Mr. Bernard Delmas, Director

Note: As for Mr. Delmas Bernard, the situation prior to his resignation on July 31, 2019 is described.

(a) Status of Concurrent Position as a Director Executing Business or as an Outside Corporate Officers in Other Entity(ies) and the Relationship between the Company and such Other Entity(ies):

Chairman of Nihon Michelin Tire Co. ltd.

There is no specific relationship between such entity and the Company.

Outside Director of Nissan Motor Co., Ltd. (appointed on June 25, 2019)

The above company is a business partner of the Company.

(b) Business Relationship with Specific Related Business Entities such as Major Business Partners:

Not applicable.

(c) Main Activities During the Current Business Year

He attended all 6 Board meetings out of 6 meetings held during this current business year, expressing his opinions based on his abundant experience as a management executive.

C. Mr. Aki Tsurumaki, Corporate Auditor

(a) Status of Concurrent Position as a person executing business or as an Outside Corporate Officers in Other Entity(ies) and the Relationship between the Company and such Other Entity(ies):

Kamijo • Tsurumaki Law Office, Outside Director of BELLSYSTEM24 Holdings, Inc.

There is no specific relationship between such entity and the Company.

(b) Business Relationship with Specific Related Business Entities such as Major Business Partners:

Not applicable.

(c) Main Activities During the Current Business Year

He attended 8 times out of 10 Board meetings held during this current business year, and 14 times out of 14 Board of Corporate Auditors' meetings during this current fiscal term, expressing his opinions from the specialized viewpoint as a lawyer.

D. Mr. Pierre Sevaistre, Corporate Auditor

(a) Status of Concurrent Position as a person executing business or as an Outside Corporate Officers in Other Entity(ies) and the Relationship between the Company and such Other Entity(ies):

Not applicable.

(b) Business Relationship with Specific Related Business Entities such as Major Business Partners:

Not applicable.

(c) Main Activities During the Current Business Year

He attended 10 board meetings out of 10 meetings held during this current fiscal term, and all 14 times out of 14 Corporate Auditors' meetings during this current business year, expressing his opinions based on his abundant experience and knowledge of audit and risk management.

(4) Status of Accounting Auditor

① Name of Firm: EY ShinNihon LLC

② Amount of Compensation:

|                                                                                                                             | Amount Paid    |
|-----------------------------------------------------------------------------------------------------------------------------|----------------|
| Compensation paid to the Accounting Auditor for the Current Business Year                                                   | 74 million yen |
| Aggregate of Money and other Proprietary Interests to be paid to the Accounting Auditor by the Company and its Subsidiaries | 74 million yen |

(Notes)

1. The auditing agreement between the Company and the accounting auditor does not clearly distinguish the amount of compensation for the audit under the Company Act and that under the Financial Instruments and Exchange Act, and such distinction is practically impossible. Therefore, the amounts shown in Compensation paid to the Accounting Auditor for the current business year represent the aggregate amount of these compensations.
2. Board of Corporate Auditors gave consent on the remuneration of accounting auditor under the Section 1 of the Article 399 of the Company Act as a result of the examination of the validity of audit time and the estimates of remuneration in addition to the confirmation of the audit plan and the actual performance in the last year.

③ Policy on Decision of Dismissal or Non-reappointment of an Accounting Auditor

The Board of Corporate Auditors will make a decision on the content of the resolution to dismiss or not reappoint the accounting auditor as the agenda of the shareholders' meeting, if it determines that it is necessary to do so, e.g., in case of the inability of accounting auditor's performing his/her duties.

The Board of Corporate Auditors will dismiss the accounting auditor, by the consent of all members of the Board of Corporate Auditors, if it determines that any of the conditions stipulated in Section 1 of Article 340 of the Company Act applies to the accounting auditor. In this case, the Corporate Auditor designated by the Board of Corporate Auditors will report the dismissal of the accounting auditor with the reason of such dismissal at the shareholders' meeting that is first convened after the dismissal.

④ Status of Auditing of the company's Subsidiaries by CPAs or Audit Firm who are not the Company's Accounting Auditor

Ichikoh Malaysia SDN.BHD, PT. Ichikoh Indonesia, Ichikoh Industries (Thailand) Co. Ltd. and Ichikoh (Wuxi) Automotive Parts Co. LTD. were audited by auditors (foreign auditors with qualification equivalent to that of the Company's Accounting Auditor) other than the Company's Accounting Auditor, as required by applicable laws.



## Consolidated Balance Sheet

(as of December 31, 2019)

(Unit : Million Yen)

| Account Item<br>(Assets)                     | Amount         | Account Item<br>(Liabilities)                      | Amount         |
|----------------------------------------------|----------------|----------------------------------------------------|----------------|
| Current Assets                               | 46,255         | Current Liabilities                                | 45,821         |
| Cash on hand and in banks                    | 8,196          | Notes Payable & Accounts Payable-Trade             | 29,549         |
| Notes Receivable & Accounts Receivable-Trade | 20,118         | Short-term Loans                                   | 1,012          |
| Electronically recorded monetary claims      | 1,541          | Long-term Loans which will be repaid within 1 year | 1,129          |
| Finished Goods                               | 4,878          | Lease Obligations                                  | 730            |
| Works in Process                             | 647            | Account Payable-Not Trade                          | 1,578          |
| Raw Materials & Stored Goods                 | 3,795          | Accrued Corporate Taxes                            | 1,080          |
| Short-term loans receivable                  | 5,888          | Accrued Expenses                                   | 3,525          |
| Others                                       | 1,277          | Reserve for Bonus                                  | 1,004          |
| Allowance for doubtful accounts              | △89            | Reserve for Officers' Bonus                        | 25             |
|                                              |                | Warranty Reserve                                   | 1,739          |
|                                              |                | Equipment related notes payable                    | 469            |
|                                              |                | Others                                             | 3,975          |
| Fixed Assets                                 | 63,558         | Long-term Liabilities                              | 18,586         |
| Property, Plant & Equipment                  | 42,760         | Long-term Loans                                    | 8,974          |
| Buildings & Structures                       | 12,351         | Lease Obligations                                  | 490            |
| Mechanical, Equipment & Transport Equipment  | 13,823         | Deferred Tax Liability                             | 182            |
| Tooling, Furniture & Fixtures                | 5,049          | Net defined benefit liability                      | 8,718          |
| Land                                         | 3,398          | Asset Retirement Obligation                        | 170            |
| Lease Assets                                 | 1,551          | Reserve for Environmental Measure                  | 8              |
| Construction in Progress                     | 6,587          | Others                                             | 40             |
| Intangible Assets                            | 1,287          | <b>Total Liabilities</b>                           | <b>64,407</b>  |
| Goodwill                                     | 135            | (Net Assets)                                       |                |
| Others                                       | 1,151          | Shareholders' Equity                               | 45,713         |
| Investment & other Assets                    | 19,510         | Capital Stock                                      | 8,986          |
| Investment in Securities                     | 5,042          | Capital Surplus                                    | 2,505          |
| Long-term Loans                              | 909            | Retained Earnings                                  | 34,267         |
| Investment in affiliates                     | 7,510          | Treasury Stock                                     | △45            |
| Deferred Tax Asset                           | 3,956          | Accumulated Other Comprehensive Income             | △1,473         |
| Others                                       | 2,099          | Other Valuation Difference on Securities           | 1,899          |
| Allowance for Doubtful Accounts              | △8             | Foreign Currency Translation Reserve               | △2,905         |
|                                              |                | Re-measurements of Defined Benefit Plans           | △467           |
|                                              |                | Non-controlling Interest                           | 1,165          |
|                                              |                | <b>Total Net Assets</b>                            | <b>45,405</b>  |
| <b>Total Assets</b>                          | <b>109,813</b> | <b>Total Liabilities &amp; Net Assets</b>          | <b>109,813</b> |

(Note) Figures under a million yen were rounded down.

## Consolidated Statement of Income

( From January 1, 2019 )  
( To December 31, 2019 )

(Unit : Million Yen)

| Account Item                                            | Amount |         |
|---------------------------------------------------------|--------|---------|
| Net Sales                                               |        | 133,053 |
| Cost of Sale                                            |        | 105,482 |
| Gross Income                                            |        | 27,570  |
| Selling, General & Administrative Expenses              |        | 21,130  |
| Operating Income                                        |        | 6,440   |
| Non-Operating Income                                    |        |         |
| Interest & Dividend Received                            | 328    |         |
| Profit on Investments by Equity Method                  | 825    |         |
| Others                                                  | 295    | 1,450   |
| Non-Operating Expenses                                  |        |         |
| Interest Expenses                                       | 160    |         |
| Commission Fee                                          | 22     |         |
| Foreign Exchange Losses                                 | 250    |         |
| Others                                                  | 93     | 527     |
| Ordinary Income                                         |        | 7,363   |
| Extraordinary Gains                                     |        |         |
| Gains on Sale of Fixed Assets                           | 0      | 0       |
| Extraordinary Losses                                    |        |         |
| Loss on disposal of noncurrent assets                   | 240    | 240     |
| Income before Income Taxes & Minority Interests         |        | 7,123   |
| Income Taxes-current                                    | 2,109  |         |
| Income taxes-deferred                                   | △172   | 1,937   |
| Net Income                                              |        | 5,185   |
| Net income attributable to non-controlling shareholders |        | △29     |
| Net profit attributable to parent company shareholders  |        | 5,214   |

(Note) Figures under a million yen were rounded down

## Consolidated Statement of Changes in Net Assets

( From January 1, 2019 )  
( To December 31, 2019 )

(Unit : Million Yen)

|                                                                      | Shareholders' Equity |                 |                   |                | Total  |
|----------------------------------------------------------------------|----------------------|-----------------|-------------------|----------------|--------|
|                                                                      | Capital Stock        | Capital Surplus | Retained Earnings | Treasury Stock |        |
| Opening Balance                                                      | 8,972                | 2,491           | 29,821            | △45            | 41,239 |
| Change in the Term                                                   |                      |                 |                   |                |        |
| Net profit attributable to parent company shareholders               | -                    | -               | 5,214             | -              | 5,214  |
| New share issues                                                     | 14                   | 14              | -                 | -              | 28     |
| Dividend of surplus                                                  | -                    | -               | △768              | -              | △768   |
| Acquisition of Own Shares                                            | -                    | -               | -                 | △0             | △0     |
| Current change in items other than shareholders' equity (Net Amount) | -                    | -               | -                 | -              | -      |
| Total amount of change in current term                               | 14                   | 14              | 4,446             | △0             | 4,474  |
| Closing Balance                                                      | 8,986                | 2,505           | 34,267            | △45            | 45,713 |

|                                                                      | Accumulated Other Comprehensive Income   |                                      |                                         |        | Non-controlling interest | Total Net Assets |
|----------------------------------------------------------------------|------------------------------------------|--------------------------------------|-----------------------------------------|--------|--------------------------|------------------|
|                                                                      | Other Valuation Difference on Securities | Foreign Currency Translation Reserve | Remeasurements of Defined Benefit Plans | Total  |                          |                  |
| Opening Balance                                                      | 1,423                                    | △2,817                               | △1,047                                  | △2,441 | 1,199                    | 39,997           |
| Change in the Term                                                   |                                          |                                      |                                         |        |                          |                  |
| Net profit attributable to parent company shareholders               | -                                        | -                                    | -                                       | -      | -                        | 5,214            |
| New share issues                                                     | -                                        | -                                    | -                                       | -      | -                        | 28               |
| Dividend of surplus                                                  | -                                        | -                                    | -                                       | -      | -                        | △768             |
| Acquisition of Own Shares                                            | -                                        | -                                    | -                                       | -      | -                        | △0               |
| Current change in items other than shareholders' equity (Net Amount) | 476                                      | △88                                  | 580                                     | 968    | △34                      | 933              |
| Total amount of change in current term                               | 476                                      | △88                                  | 580                                     | 968    | △34                      | 5,408            |
| Closing Balance                                                      | 1,899                                    | △2,905                               | △467                                    | △1,473 | 1,165                    | 45,405           |

(Note) Figures under a million yen were rounded down

**Balance Sheet**  
(As of December 31, 2019)

(Unit : Million Yen)

| Account Item<br>(Assets)                | Amount | Account Item<br>(Liabilities)                      | Amount        |
|-----------------------------------------|--------|----------------------------------------------------|---------------|
| Current Assets                          | 33,484 | Current Liabilities                                | 36,222        |
| Cash on hand and in banks               | 5,355  | Notes Payable                                      | 2,125         |
| Notes Receivable                        | 1      | Accounts Payable-Trade                             | 21,177        |
| Accounts Receivable-Trade               | 14,933 | Short-term Loans                                   | 1,180         |
| Electronically recorded monetary claims | 1,536  | Long-term Loans which will be repaid within 1 year | 1,129         |
| Finished Goods                          | 1,802  | Lease Obligations                                  | 185           |
| Works in Process                        | 355    | Account Payable-Not Trade                          | 1,023         |
| Raw Materials & Stored Goods            | 1,999  | Accrued Corporate Taxes                            | 779           |
| Prepaid expenses                        | 303    | Accrued Expenses                                   | 2,068         |
| Accounts receivable-Not Trade           | 1,134  | Deposit Received                                   | 1,028         |
| Short-term loans receivable             | 6,119  | Reserve for Bonus                                  | 920           |
| Others                                  | 18     | Reserve for Officers' Bonus                        | 16            |
| Allowance for doubtful accounts         | △75    | Warranty Reserve                                   | 1,686         |
|                                         |        | Equipment related notes payable                    | 452           |
|                                         |        | Others                                             | 2,446         |
| Fixed Assets                            | 54,875 | Fixed Liabilities                                  | 15,157        |
| Property, Plant & Equipment             | 30,265 | Long-term Loans                                    | 7,574         |
| Buildings                               | 8,052  | Lease Obligations                                  | 139           |
| Structures                              | 229    | Retirement Allowance                               | 7,290         |
| Mechanical & Equipment                  | 9,126  | Asset Retirement Obligation                        | 143           |
| Vehicles & Transport Equipment          | 58     | Reserve for Environmental Measure                  | 8             |
| Tooling & Fixtures                      | 4,590  |                                                    |               |
| Land                                    | 2,031  |                                                    |               |
| Lease Assets                            | 192    |                                                    |               |
| Construction in Progress                | 5,982  |                                                    |               |
| Intangible Assets                       | 348    |                                                    |               |
| Leasehold                               | 3      | <b>T o t a l L i a b i l i t i e s</b>             | <b>51,379</b> |
| Right of using facilities               | 14     | (Net Assets)                                       |               |
| Software                                | 261    | Shareholders' Equity                               | 35,172        |
| Lease Assets                            | 68     | Capital Stock                                      | 8,986         |
| Investment & other Assets               | 24,262 | Capital Surplus                                    | 2,318         |
| Investment in Securities                | 4,807  | Capital Reserve                                    | 2,318         |
| Stocks of affiliates                    | 5,257  | Retained Earnings                                  | 23,913        |
| Investment in affiliates                | 5,064  | Other Retained Earnings                            | 23,913        |
| Long-term Loans                         | 3,750  | Unappropriated Retained Earnings                   | 23,913        |
| Long-term prepaid expenses              | 106    | Treasury Stock                                     | △45           |
| Deferred Tax Asset                      | 3,513  | Valuation and Translation Adjustments              | 1,807         |
| Others                                  | 1,767  | Other Valuation Difference on Securities           | 1,807         |
| Allowance for Doubtful Accounts         | △5     |                                                    |               |
| Total Assets                            | 88,360 | Total Net Assets                                   | 36,980        |
|                                         |        | Total Liabilities & Net Assets                     | 88,360        |

(Note) Figures under a million yen were rounded down.

## Statement of Income

( From January 1, 2019 )  
( To December 31, 2019 )

(Unit : Million Yen)

| Account Item                                       | Amount |         |
|----------------------------------------------------|--------|---------|
| Net Sales                                          |        | 102,250 |
| Cost of Sale                                       |        | 80,888  |
| Gross Income                                       |        | 21,361  |
| Selling, General & Administrative Expenses         |        | 16,253  |
| Operating Income                                   |        | 5,108   |
| Non-Operating Income                               |        |         |
| Interest Received                                  | 233    |         |
| Dividend Received                                  | 197    |         |
| Fixed Assets Rent                                  | 192    |         |
| Others                                             | 173    | 797     |
| Non-Operating Expenses                             |        |         |
| Interest Expenses                                  | 97     |         |
| Commission Fee                                     | 22     |         |
| Fixed Assets Rent Expenses                         | 98     |         |
| Foreign Exchange Losses                            | 264    |         |
| Others                                             | 9      | 492     |
| Ordinary Income                                    |        | 5,413   |
| Extraordinary Losses                               |        |         |
| Loss on disposal of noncurrent assets              | 185    |         |
| Loss on liquidation of subsidiaries and associates | 289    | 475     |
| Income before Income Taxes&Minority Interests      |        | 4,938   |
| Income Taxes-current                               | 1,394  |         |
| Income taxes-deferred                              | 20     | 1,415   |
| Net Income                                         |        | 3,522   |

(Note) Figures under a million yen were rounded down

## Statement of Changes in Net Assets

( From January 1, 2019 )  
( To December 31, 2019 )

(Unit : Million Yen)

|                                                                      | Shareholders' Equity |                 |                       |                         |                         |
|----------------------------------------------------------------------|----------------------|-----------------|-----------------------|-------------------------|-------------------------|
|                                                                      | Capital Stock        | Capital Surplus |                       | Retained Earnings       |                         |
|                                                                      |                      | Capital Reserve | Total Capital Surplus | Other Retained Earnings | Total Retained Earnings |
| Opening Balance                                                      | 8,972                | 2,304           | 2,304                 | 21,159                  | 21,159                  |
| Change in the Term                                                   |                      |                 |                       |                         |                         |
| Net Income                                                           | —                    | —               | —                     | 3,522                   | 3,522                   |
| New share issues                                                     | 14                   | 14              | 14                    | —                       | —                       |
| Dividend of surplus                                                  | —                    | —               | —                     | △768                    | △768                    |
| Acquisition of Own Shares                                            | —                    | —               | —                     | —                       | —                       |
| Current change in items other than shareholders' equity (Net Amount) | —                    | —               | —                     | —                       | —                       |
| Total amount of change in current term                               | 14                   | 14              | 14                    | 2,754                   | 2,754                   |
| Closing Balance                                                      | 8,986                | 2,318           | 2,318                 | 23,913                  | 23,913                  |

|                                                                      | Shareholders' Equity |                            | Valuation and Translation Adjustments       |                                             | Total Net Assets |
|----------------------------------------------------------------------|----------------------|----------------------------|---------------------------------------------|---------------------------------------------|------------------|
|                                                                      | Treasury Stock       | Total Shareholders' Equity | Other Valuation and Translation Adjustments | Total Valuation and Translation Adjustments |                  |
| Opening Balance                                                      | △45                  | 32,390                     | 1,371                                       | 1,371                                       | 33,761           |
| Change in the Term                                                   |                      |                            |                                             |                                             |                  |
| Net Income                                                           | —                    | 3,522                      | —                                           | —                                           | 3,522            |
| New share issues                                                     | —                    | 28                         | —                                           | —                                           | 28               |
| Dividend of surplus                                                  | —                    | △768                       | —                                           | —                                           | △768             |
| Acquisition of Own Shares                                            | △0                   | △0                         | —                                           | —                                           | △0               |
| Current change in items other than shareholders' equity (Net Amount) | —                    | —                          | 436                                         | 436                                         | 436              |
| Total amount of change in current term                               | △0                   | 2,782                      | 436                                         | 436                                         | 3,218            |
| Closing Balance                                                      | △45                  | 35,172                     | 1,807                                       | 1,807                                       | 36,980           |

(Note) Figures under a million yen were rounded down

**Accounting Auditor's Report Regarding the Consolidated Financial Statements****Independent Auditor's Report****Feb 20, 2020**

Ichikoh Industries, Ltd.

Board of Directors

EY ShinNihon LLC  
Yoshihisa Fukuda, CPA [Seal]  
Designated Limited Liability Partner  
Executive Partner

Keiichi Wakimoto, CPA [seal]  
Designated Limited Liability Partner  
Executive Partner

Ryuichiro Umamo, CPA [seal]  
Designated Limited Liability Partner  
Executive Partner

We have, pursuant to the Company Act, Article 444-4, audited the consolidated financial statements of Ichikoh Industries, Ltd during the consolidated fiscal year from January 1, 2019 to December 31, 2019, which are comprised of the consolidated balance sheet, the consolidated income statement, the consolidated shareholders equity statement, and the notes to consolidated financial statements.

**Management's Responsibility on the Consolidated Financial Statements**

Management's responsibility is to prepare and present in fair manner these consolidated financial statements in accordance with generally accepted accounting principles in Japan, and this responsibility includes designing and operating such internal control as management determines it necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material false statement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion from an independent position on these consolidated financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards which are considered as fair and appropriate in Japan. Those standards require us to prepare a plan and perform the audit based on such plan to obtain reasonable assurance that the consolidated financial statements are free from material false statement.

In an audit, procedures to obtain audit evidence about the amounts in and disclosures of the consolidated financial statements are performed. The audit procedures shall be selected and applied, depending on the auditor's judgment, based on the assessment of the risks of material false statement of the consolidated financial statements due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments, the auditor reviews internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate under the circumstances. An audit also includes the evaluation of the overall presentation of the consolidated financial statements as well as the evaluation of the accounting policies adopted by the management and applicability thereof and the accounting estimates made by management.

We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

#### Opinion

In our opinion, the consolidated financial statements referred to above, in all material respects, conform to the generally accepted accounting principles in Japan and fairly present the status of assets and profit/loss for the period relevant to the above statements of the corporate group comprising Ichikoh Industries, Ltd. and its consolidated subsidiaries.

#### Interest Relationship

There is no interest relationship between the Company and our auditing firm or executive partners that would require disclosure pursuant to the Certified Public Accounts Act.

End



**Accounting Auditor's Report****Independent Auditor's Report****Feb 20, 2020**

Ichikoh Industries, Ltd.

Board of Directors

EY ShinNihon LLC  
Yoshihisa Fukuda, CPA [seal]  
Designated Limited Liability Partner  
Executive Partner

Keiichi Wakimoto, CPA [seal]  
Designated Limited Liability Partner  
Executive Partner

Ryuichiro Umamo, CPA [seal]  
Designated Limited Liability Partner  
Executive Partner

We have, pursuant to Article 436 Section 2, Sub-section 1 of the Company Act, audited the financial statements of Ichikoh Industries, Ltd during the 90<sup>th</sup> fiscal year from January 1, 2019 to December 31, 2019, which are comprised of the balance sheet, the income statement, the shareholders equity statement, and the notes to consolidated financial statements and the supplementary schedule thereof.

**Management's Responsibility on the Consolidated Financial Statements**

Management's responsibility is to prepare and present in fair manner these consolidated financial statements and the supplementary schedule thereof in according with generally accepted accounting principles in Japan, and this responsibility includes designing and operating such internal control as management determines it necessary to enable the preparation and fair presentation of the financial statements and the supplementary schedule thereof that are free from material false statement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion from an independent position on these financial statements and the supplementary schedule thereof based on our audit. We conducted our audit in accordance with generally accepted auditing standards considered as fair and appropriate in Japan. Those standards require us to prepare audit plan and perform the audit based on such plan to obtain reasonable assurance that the financial statements and the supplementary schedule thereof are free from material false statement.

In an audit, procedures to obtain audit evidence about the amounts in and disclosures of the financial statements and the supplementary schedule thereof are performed. The audit procedures shall be selected and applied, depending on the auditor's judgment, based on the assessment of the risks of material false statement of the financial statements and the supplementary schedule thereof due to fraud or error. The purpose of an audit of the financial statements and the supplementary schedule thereof is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments, the auditor reviews internal controls relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedule thereof in order to design audit procedures that are appropriate under the circumstances. An audit also includes the evaluation of the overall presentation of the financial statements and the supplementary schedule thereof as well as the evaluation of the accounting policies adopted by the management and applicability thereof and the accounting estimates made by management, .

We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements and the supplementary schedule thereof referred to above, in all material respects, conform to the generally accepted accounting principles in Japan and fairly present the status of assets and profit/loss for the period relevant to the above statements and the supplementary schedule thereof.

#### Interest Relationship

There is no interest relationship between the Company and our auditing firm or executive partners that would require disclosure pursuant to the Certified Public Accounts Act.

End

## Audit Report of the Board of Corporate Auditors

### Audit Report

The Board of Corporate Auditors, regarding the execution of business by the Board of Directors during the 90<sup>th</sup> business year, from January 1, 2019 to December 31, 2019, prepared this audit reports and hereby report as follows, as a result of the deliberation based on Audit Report which was prepared by each Corporate Auditor.

1. Methods and Subject of the Audit by the Corporate Auditors and Board of Corporate Auditors

(1) The Board of Corporate Auditors established the auditing policy and the allocation of tasks and, received reports from each Corporate Auditor regarding the status and results of audit, and further received reports from Directors, etc. and the Accounting Auditor regarding the status of performing their duties and asked for explanations when necessary.

(2) Each Auditor, in compliance with the auditing standards for the Corporate Auditors established by the Board of Corporate Auditors and in accordance with the auditing policy and allocation of tasks, communicated with the Directors, the internal auditing department, and other employees, established an environment for information collection and auditing and performed the audit as follows:

① We attended the meetings of the Board of Directors and other important meetings, received reports of the execution of business of the Directors and other employees, requested explanations when necessary, examined important documents related to the decision making, and investigated the operations and assets of headquarters and main facilities. With respect to the subsidiaries, we had communication with and exchanged information with the Directors and Corporate Auditors of the subsidiary and received reports on business from the subsidiaries, as necessary.

② With respect to the resolution by the Board of Directors regarding the implementation of a system required under Articles 100-1 and -3 of the Rules for Enforcement of the Companies Act as the system necessary for ensuring that the business executed by Directors complies with statutes and the Articles of Incorporation and also ensuring the appropriateness of the execution of business by the Company group consisting of the Company and its subsidiaries ("Internal Control system) and such Internal Control System implemented in accordance with such resolution as noted in the Business Report, each Corporate Auditor periodically received reports from Directors and other employees about the establishment and operation thereof, requested explanations when necessary, and expressed opinions.

③ We monitored and verified that the Accounting Auditor maintains its independent position and conducted fair audit, and received report on the execution of the duties from the Accounting Auditor and requested explanation as necessary. Further, we received the notice that the Accounting Auditor has been implementing the "System to Ensure the Appropriateness of

Execution of Duties” (the matters listed in the Section 131 of the Ordinance on Company Accounting) in accordance with the “Quality Control Standard on Audit” (Corporate Accounting Council October 28, 2005) and requested explanation, as necessary.

Based on the method described above, we reviewed the Business Report, the supplemental schedule thereof, financial statements (balance sheet, income statement, shareholder equity statement, and notes to the financial statements) and the supplemental schedule thereof, and consolidated financial statements (consolidated balance sheet, consolidated income statement, consolidated shareholder equity statement, and notes to the consolidated financial statements) covering the current business year.

## 2. Audit Results

### (1) Results of Auditing the Business Report, etc.

① The Business Report and the supplemental schedule thereof are found to be in accordance with statutes and regulations and the Articles of Incorporation, and properly indicate the status of the Company.

② No fraudulent act nor material fact in violation of statutes, regulations, or the Articles of Incorporation was found regarding the execution of business by Directors.

③ It was found that the contents of decisions of the Board of Directors regarding the Internal Control System are proper. Further there is nothing to point out as a concern in the statements in the Business Report regarding the Internal Control System or the execution of business by the Directors.

④ It was found that the matters to which attention was paid in order to avoid damage of interest of the company regarding transactions with the parent company and the judgement by the Board of Director whether or not transaction may cause damage to company’s interest and reasons thereof are proper.

### (2) Results of Auditing the Financial Statements and the Supplemental Schedule thereof

We found that the methods of audit used by the Accounting Auditor EY ShinNihon LLC and the results thereof are proper.

### (3) Results of Auditing the Consolidated Financial Statements

We found that the methods of audit used by the Accounting Auditor EY ShinNihon LLC and the results thereof are proper.

February 21, 2020

Ichikoh Industries Co., Ltd.

Hisaki Hashimoto, Full Time Corporate Auditor [seal]

Aki Tsurumaki, Outside Corporate Auditor [seal]

Sevaistre Pierre, Outside Corporate Auditor [seal]

End

## Reference Materials for the Shareholders Meeting

### Proposal No. 1: Disposition of Surpluses

Regarding disposal of surpluses, setting improvement of the corporate value by research and development and capital investment, and improvement of the profit return to shareholders, as the basic policies, and comprehensively taking into the consideration a current highly competitive environment and security of the level of payout ratio, we propose to distribute the dividends as follows.

- (1) Class of dividend assets  
Cash
- (2) Description of distributed assets and the total amounts thereof  
4.5 yen per one Ichikoh share; total amount 336,445,918 yen.
- (3) Effective Date distribution of dividend  
March 27, 2020

### Proposal No. 2: Appointment of Ten (10) Directors

Director Bernard Delmas resigned as of July 31, 2019, and Director Bruno Thivoyon resigned as of January 15, 2020, and the term of all of the eight (8) Directors, Ali Ordoobadi, Heiko Sauer, Kazuyuki Miyashita, Hideo Nakano, Hideki Shirato, Christophe Vilatte, Maurizio Matinelli, Hideo Aomatsu, will expires at the close of this Shareholders' Meeting. Therefore, we propose to appoint 10 Directors.

The candidates for Director are as follows.

| Name<br>(Date of Birth)                                                    | Brief Profile, Positions and Responsibilities at Ichikoh<br>[Status of Important concurrent positions in other companies]                                                                                                                                                                                                                                                                                                                                                                                                                          | Number of Ichikoh Shares held |
|----------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| Candidate No. 1<br>[For re-election]<br><br>Ali Ordoobadi<br>Nov. 15, 1960 | June 2008: Ichikoh Director<br>October 2010: Representative Director & President, supervising Audit Department and Quality HQ<br>June 2011: Representative Director, supervising Audit Department and R&D HQ<br>April 2012: Representative Director & President, supervising Audit Department of the Company<br>June 2017: Representative Director & Chairman & CEO, supervising Audit Department of the Company (to date)<br>[Background with Other Companies]<br>1987: Siemens Technical Center R&D Engineer<br>1999: Valeo Group Vice President | 64,100                        |

|  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |  |
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|  | <p>2007: responsible for China (Valeo China HQ)<br/>Valeo Group Vice President responsible for East Asia, Representative Director &amp; President of Valeo Japan Co., Ltd.</p> <p>2010: Valeo Group Vice President responsible for Japan, Representative Director of Valeo Engine Cooling Japan Co., Ltd. Representative Director &amp; President of Valeo Japan Co., Ltd.</p> <p>June 2017 Representative Director &amp; President of Valeo Japan Co., Ltd.</p> <p>Mar 2018 Representative Director &amp; President of Valeo Japan Co., Ltd.<br/>Director of Valeo Kapec Japan KK (to date)</p> <p>[Important concurrent positions in other Company]<br/>Representative Director &amp; President of Valeo Japan Co., Ltd., Director of Valeo Kapec Japan KK</p> <p>Reason for Candidacy for Director<br/>Since taking the position of Representative Director in 2010, he has reinforced and improved performance of our group by focusing the business resources into our core businesses. He has also reinforced a governance system, including stronger compliance. He is nominated as a candidate for a Director in order to secure sustainable growth of the Company.</p> <p>Length of service as Director (at the close of this Shareholders Meeting): 11 years and 9 months</p> |  |
|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|

| Name<br>(Date of Birth)                                                           | Brief Profile, Positions and Responsibilities at Ichikoh<br>[Status of Important concurrent positions in other companies]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Number of Ichikoh Shares held |
|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| <p>Candidate No. 2<br/>[For re-election]</p> <p>Heiko Sauer<br/>April 25,1968</p> | <p>2017, June Representative Director &amp; President &amp; COO (to date)</p> <p>[Background with Other Companies]</p> <p>1996 Ford Motor Company, Germany, Supplier Trainer and MP&amp;L Analyst</p> <p>2000 Purchasing Manager, Electrical and Electronics, Ford &amp; Jaguar Lear Corporation Europe, Germany</p> <p>2003 Director, Asian Program Management Lear Corp. Electrical &amp; Electronics Division, Philippines</p> <p>2005 General Manager Lear Corporation - Dong Feng Motors JV, China</p> <p>2007 General Manager Valeo -Lighting Division, China and Chairman of Joint Venture Valeo Ichikoh (FIV), Foshan Lighting Regional Operations Director, Product Group, Lighting Valeo, China</p> <p>2010</p> <p>[Important concurrent positions in other Company]<br/>Has held no other important positions in other companies as of today after assumed the position of Representative Director &amp; President &amp; COO of the Company.</p> <p>Reason for Candidacy for Director<br/>He has knowledge of European automotive industry and deep management background in automotive parts companies in China and ASEAN region. He is nominated as candidate for a Director because by utilizing his insights and experiences in deliberations of the meetings of the Board of Directors, he can contribute to the improvement of corporate value of the Company group.</p> <p>Length of service as Director (at the close of this Shareholders Meeting): 2 year and 9 months</p> | <p>10,000</p>                 |

| Name<br>(Date of Birth)                                                                | Brief Profile, Positions and Responsibilities at Ichikoh<br>[Status of Important concurrent positions in other companies]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Number of Ichikoh Shares held |
|----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| Candidate<br>No. 3<br>[For re-election]<br><br>Kazuyuki<br>Miyashita<br>(Nov. 9, 1966) | April 1990: Joined Ichikoh Industries, Ltd.<br>October 2006: Manager of Start of Production Quality Assurance Section, Quality HQ<br>October 2008: GM of Project QCD Assurance Department<br>March 2009: GM of Project Management Department<br>April 2010: Executive Officer & GM of Project Management Department<br>June 2011: Managing Director, supervising Project Management Design HQ<br>April 2012: Managing Director, supervising Project Management HQ and R&D HQ<br>June 2012: Director & Managing executive Officer responsible for Project Management HQ and R&D HQ<br>April 2014: Director & Managing Executive Officer responsible for Project Management HQ and Production Division<br>February 2016: Director & Managing Executive Officer responsible for Project Management HQ/Project Progress Control Office and Production Division Manager<br>June 2016: Director & Senior Managing Executive Officer responsible for R&D HQ/Project Progress Control Office, Manager of Project Management HQ and Industrial HQ<br>April 2017: Director & Senior Managing Executive Officer responsible for R&D HQ/Adv.Dev. HQ/Project Progress Control Office, Manager of Project Management HQ and Industrial HQ<br>May 2017: Director & Senior Managing Executive Officer responsible for R&D HQ/, Adv.Dev. HQ/Industrial HQ/Project Progress Control Office and General Manager of Project Management HQ<br>April 2018: Director & Senior Managing Executive Officer responsible for R&D HQ/, Adv.Dev. HQ/ Process Engineering HQ/Project Progress | 17,821                        |



|  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |
|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
|  | <p>Control Office and General Manager of Project Management HQ</p> <p>February 2019 Director &amp; Senior Managing Executive Officer responsible for R&amp;D HQ, Adv.Dev. HQ/ Process Engineering HQ and General Manager of Project Management HQ (to date)</p> <p>[Important positions in other Company]<br/>Has held no other important positions in other companies since joined the Company.</p> <p>Reason for Candidacy for Director<br/>After being involved for a long time in new product project management and quality control and further overseeing design and development and production, he has been performing his duties by a high level of knowledge of manufacturing and engineering. He is nominated as a candidate to continue as a Director because it is judged that continuously using his knowledge and experience is necessary to raise the value of our business.</p> <p>Length of service as Director (at the close of this Shareholders Meeting): 8 years and 9 months</p> |  |
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| Name<br>(Date of Birth)                                                                  | Brief Profile, Positions and Responsibilities at Ichikoh<br>[Status of Important concurrent positions in other companies]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Number of Ichikoh Shares held |
|------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| <p>Candidate<br/>No. 4</p> <p>[For re-election]<br/>Hideo Nakano<br/>(Nov. 12, 1959)</p> | <p>June 2011 Ichikoh Business Division Executive Officer</p> <p>June 2012 Ichikoh Executive Officer, Business Division General Mgr.</p> <p>June 2013 Ichikoh Executive Officer, Mirror Division General Mgr., IPS/Logistics General Mgr.</p> <p>June 2014 Ichikoh Executive Officer, Mirror Division General Mgr.</p> <p>June 2015 Ichikoh Executive Officer, Mirror Division General Mgr., ASEAN Operations Director</p> <p>June 2016 Director &amp; Senior Managing Executive Officer, Mirror Division General Mgr., ASEAN Operations Director</p> <p>June 2018 Director &amp; Senior Managing Executive Officer, Mirror Division General Mgr.<br/>(to date)</p> <p>[Background with other Companies]<br/>April 1981 Joined Honeywell Japan K.K.<br/>May 2007 Joined Valeo Japan K.K.<br/>(to date)</p> <p>[Important positions in other Company]<br/>Has held no other important positions in other companies from taking the position of Executive Officer of Ichikoh until the present.</p> <p>Reason for Candidacy for Director<br/>He has superior insight of manufacturing operations and business, which has been developed through broad experience in the automotive parts industry, including overseas company. At present, he is pursuing operations as the person responsible for the mirror business. He is nominated as a candidate for Director because it is judged that he can contribute to increase the value of our group's business by making use of such knowledge and experience in deliberations of the Board of Directors' meeting going forward.</p> <p>Length of service as Director (at the close of this Shareholders Meeting): 3 years and 9 months</p> | <p>8,150</p>                  |

| Name<br>(Date of Birth)                                                                  | Brief Profile, Positions and Responsibilities at Ichikoh<br>[Status of Important concurrent positions in other companies]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Number of Ichikoh Shares held |
|------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| <p>Candidate<br/>No. 5</p> <p>[For re-election]<br/>Hideki Shirato<br/>(Jun. 4,1959)</p> | <p>May 2014    Joined Ichikoh as the General Manager of Corporate Planning Department</p> <p>June 2014    Ichikoh Executive Officer, General Manager of Corporate Planning Department</p> <p>June 2016    Director &amp; Ichikoh Executive Officer responsible for Corporate Planning Department, Legal Department, Finance Headquarters and Compass GCC Department</p> <p>Jan 2017     Director &amp; Ichikoh Managing Executive Officer responsible for Corporate Planning Department, Legal Department and Finance Headquarters</p> <p>June 2017    Director &amp; Ichikoh Senior Managing Executive Officer responsible for Corporate Planning Department, Legal Department and Finance Headquarters (to date)</p> <p>[Background with Other Companies]</p> <p>April 1983    Joined The Industrial Bank of Japan, Limited</p> <p>June 1998    Deputy General Manager, Chicago Branch of same bank</p> <p>March 2003   General Manager, Americas Office of Structured Finance Sales Dept., Mizuho Corporate Bank, Ltd.</p> <p>March 2006   General Manager, Advisory Dept. 5, Mizuho Securities Co., Ltd.</p> <p>June 2008    General Manager., Investment Bank Dept. 6 of the same company</p> <p>April 2012    President, Mizuho Americas LLC</p> <p>[Important positions in other Company]<br/>Has held no other important positions in other companies from taking the position of General Manager of Corporate Planning Department of Ichikoh to present.</p> <p>Reason for Candidacy for Director<br/>He has superior insight regarding business operations, which has been developed through broad experience with financial institutions, including overseas company. At present, responsible for Corporate Planning Department, Legal Department and Finance Headquarters, he is pursuing work regarding business/governance/finance strategies. He is nominated as a candidate for Director because it</p> | <p>22,220</p>                 |

|  |                                                                                                                                                                                                                                                                                                                 |  |
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|  | <p>is judged that he can contribute to increase the value of our group's business by making use of this knowledge and experience in deliberations of the Board of Directors' meetings going forward.</p> <p>Length of service as Director (at the close of this Shareholders Meeting): 3 years and 9 months</p> |  |
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| Name<br>(Date of Birth)                                                                   | Brief Profile, Positions and Responsibilities at Ichikoh<br>[Status of Important concurrent positions in other companies]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Number of Ichikoh Shares held |
|-------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| <p>Candidate No. 6</p> <p>[For re-election]<br/>Christophe Vilatte<br/>(May 28, 1972)</p> | <p>August 2011 Executive Officer Finance HQ Director of Ichikoh</p> <p>July 2012 Ichikoh Managing Executive Officer Finance HQ Director</p> <p>June 2014 Ichikoh Managing Executive Officer Lighting BU Director</p> <p>June 2017 Director &amp; Ichikoh Senior Managing Executive Officer Lighting RO Director (to date)</p> <p>[Background with Other Companies]</p> <p>1996 Valeo Klimasysteme GmbH (ex-Siemens) Industrial &amp; Project Controller (Germany)</p> <p>2000 Zexel Valeo Climate Control Corporation, Financial Controller Overseas Divisions &amp; General Manager Management Planning Department</p> <p>2006 Valeo Climate Control (France) Cabin Air Filtration Division, Division General Manager</p> <p>2010 Valeo Climate Control (France) Product Group Aftermarket Director</p> <p>[Important positions in other Company]</p> <p>Has held no other important positions in other companies from taking the position of Executive Officer of Ichikoh.</p> <p>Reason for Candidacy for Director</p> <p>After more than 20 years spent in the automotive industry working worldwide, he has been developing an extensive knowledge of this industry and has been also showing extraordinary performance in management. He is currently responsible for the management of Lighting Business of the Company, and he is nominated as candidate for a Director because we judged that, by utilizing his insights and experiences in deliberations at the Board of Directors, he can contribute to the improvement of the corporate value of our Company group.</p> <p>Length of service as Director (at the close of this Shareholders Meeting): 2 year and 9 months</p> | <p>9,150</p>                  |

| Name<br>(Date of Birth)                                                                          | Brief Profile, Positions and Responsibilities at Ichikoh<br>[Status of Important concurrent positions in other companies]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Number of Ichikoh Shares held |
|--------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| <p>Candidate No. 7</p> <p>[For re-election]<br/>Maurizio Martinelli<br/>(September 15, 1960)</p> | <p>2017 June Director, Ichikoh (to date)</p> <p>[Background with Other Companies]</p> <p>1994 Allied Signal Automotive Breaking Systems</p> <p>2000 Division general manager of Valeo Lighting Systems Italy</p> <p>2008 Vice-President in Engine Cooling, Thermal Product Group</p> <p>2010 Vice-President in Thermal Powertrain, Thermal Product Group</p> <p>2011 Valeo Italy Group President and Fiat – Iveco Group Customer Director</p> <p>2012 Vice President of Valeo Lighting Systems Product Group</p> <p>2014 Visibility Business Group President</p> <p>- (to date)</p> <p>[Important positions in other Company]<br/>President of Valeo Visibility Business Group, Director and Legal Representative of VALEO S.p.A., President of VALEO VISION SAS, Director &amp; Chairman and Legal Representative of VALEO ILUMINACION, S.A.U., Director and Legal Representative of VALEO VISION BELGIQUE</p> <p>Reason for Candidacy for Outside Director<br/>He has long years of experience in the automotive parts industry and excellent management capability. He is nominated as candidate for a Director because it was judged that it is ideal to have his deep insights be utilized in deliberations of the Board of Directors' meeting going forward.</p> <p>Length of service as an outside Director (at the close of this Shareholders Meeting): 2 year and 9 months</p> | 0                             |

| Name<br>(Date of Birth)                                                                       | Brief Profile, Positions and Responsibilities at Ichikoh<br>[Status of Important concurrent positions in other companies]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Number of Ichikoh Shares held |
|-----------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| <p>Candidate No. 8</p> <p>[For new election]</p> <p>Rodolphe Garnier</p> <p>(May 7, 1972)</p> | <p>[Background with Other Companies]</p> <p>1996 October PRICE WATERHOUSE</p> <p>1998 September Valeo</p> <p>2005 October Financial Controller of Lighting Europe Division</p> <p>2008 March Valeo Engine Management Systems Branch Finance Vice-President</p> <p>2009 January Valeo Engine Cooling Branch Finance Vice-President</p> <p>2011 January Thermal Business Group Finance Vice-President</p> <p>2011 October Powertrain Business Group Finance Vice-President</p> <p>2015 September Vice-President of Valeo Internal Audit and Internal Control Group</p> <p>2020 January Visibility Business Group Finance and International Development Vice-President</p> <p>- (to date)</p> <p>[Important positions in other Company]</p> <p>Visibility Business Group Finance and International Development Vice-President</p> <p>Reason for Candidacy for Outside Director</p> <p>He has long years of experience in the automotive parts industry, and particularly in finance and internal audit and internal control, and demonstrates his superior management skills. He is nominated as a candidate of a Director because it is judged that it is ideal that he monitors the company's business as a Director from the point of finance and internal audit and internal control.</p> | 0                             |

| Name<br>(Date of Birth)                                                                                                       | Brief Profile, Positions and Responsibilities at Ichikoh<br>[Status of Important concurrent positions in other companies]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Number of Ichikoh Shares held |
|-------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| <p>Candidate No. 9</p> <p>[for re-election]<br/>[Outside Director]<br/>[Independent]<br/>Hideo Aomatsu<br/>(June 29,1954)</p> | <p>2015 June Ichikoh Director (to date)</p> <p>[Background with Other Companies]</p> <p>April 1977 Analyst, McKinsey &amp; Company,</p> <p>January 1982 Industrial Project Finance Officer, the World Bank</p> <p>September 1986 Associate, McKinsey &amp; Company, Inc.</p> <p>February 1989 Vice President M&amp;A, Manager, Guaranty Trust Bank, (Currently JP Morgan)</p> <p>May 1992 Japan Representative of N M Rothschild &amp; Sons, Ltd.</p> <p>April 1996 President of Rothschild Japan K.K.</p> <p>October 1999 Representative partner, ACTIV Investments Partners</p> <p>June 2002 Representative Director and President, ACTIV Investments Partners</p> <p>December 2005 Representative Director of DRC Capital Ltd.</p> <p>October 2018 Representative Director and CEO of JPH Co., Ltd.</p> <p>August 2019 Director of Super Resin, Inc. (to date)</p> <p>[Important positions in other Company]<br/>Representative Director and President of DRC Capital Ltd., Representative Director and CEO of JPH Co., Ltd.</p> <p>Reason for Candidacy for Outside Director<br/>He has advanced knowledge regarding business operations, developed through experience in abroad with advisory companies and financial institutions, including overseas companies. Additionally, he has broad experience regarding the improvement of the businesses of investment target companies, which is gained through management of fund management companies. He is continuously nominated as a candidate of an Outside Independent Director because it is judged that it is ideal that he continues to monitor the company's business as an Outside Director.</p> <p>Length of service as an outside Director (at the close of this Shareholders Meeting): 4 years and 9 months</p> | <p>1,900</p>                  |





amount as set forth in Article 425-1 of said Act.

7. The number of shares of the Company that are held are noted is the number of shares actual held by each Director including the number of shares held through corporate officers stock ownership plan as of December 31, 2018
8. The compensation of performance share of Valeo, were provided to the Directors acting Executive Officer Ali Ordoobadi, Heiko Sauer, Kazuyuki Miyashita, Hideo Nakano, Hideki Shirato, Christophe Vilatte.

**Proposal No. 3: Election of Two (2) Corporate Auditors**

At the close of this Shareholders' Meeting, the terms of Auditors Aki Tsurumaki and Pierre Sevaistre come will expire. Therefore, we would like to elect two Corporate Auditors as follows.

This proposal has been agreed to by the Board of Auditors.

The candidates for Corporate Auditor are as follows.

| Name<br>(Date of Birth)                                                                                            | Brief Profile, Positions and Responsibilities at Ichikoh<br>[Status of Important positions in other companies]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Number of Ichikoh Shares Held |
|--------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| <p>Candidate No. 1<br/>[For re-election]<br/>[Outside]<br/>[Independent]<br/>Aki Tsurumaki<br/>(Nov. 17, 1968)</p> | <p>June 2012: Ichikoh Auditor (to date)</p> <p>[Background with Other Companies]<br/>April 1997 Registered as an attorney (Tokyo Bar Association)<br/>Joined Koga Law Office (currently Kasumi Sogo Law Office)<br/>September 2002 Formed Kamijo and Tsurumaki<br/>May 2016 Outside Director, BELLSYSTEM24 Holdings, Inc. (to date)</p> <p>[Status of Other Important Positions Held]<br/>Outside Director, BELLSYSTEM24 Holdings, Inc.</p> <p>Reason for Candidacy for Outside Auditor<br/>He has broad experience as an attorney handling corporate legal matters and, since 2012, has been actively performing his duties as an Ichikoh Outside Corporate Auditor. Because it is judged that it would be ideal for him to continue use his advanced knowledge as an outside corporate auditor, he has been chosen as a candidate for re-election as Outside Corporate Auditor.</p> <p>Length of service as Outside Corporate Auditor (at the close of this Shareholders Meeting): 7 years and 9 months</p> | <p>0</p>                      |

| Name<br>(Date of Birth)                                                                                                                               | Brief Profile, Positions and Responsibilities at Ichikoh<br>[Status of Important positions in other companies]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Number of Ichikoh Shares Held |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| <p style="text-align: center;">Candidate<br/>No. 2<br/>[For re-election]<br/>[External]<br/>[Independent]<br/>Pierre Sevaistre<br/>(Jan. 8, 1950)</p> | <p>June 2012: Ichikoh Auditor<br/>(to date)</p> <p>[Background with Other Companies]<br/>November 1975 Michelin Tire<br/>September 1977 to December 1983<br/>CFO Nihon Michelin Tire KK<br/>April 1988 Essilor International<br/>April 1994 Representative for Japan office of Aerospatiele<br/>November 2000 Global internal auditor and in charge of risk management, Nissan Motor Corporation. As such has been head of the Global J-SOX auditing project in 2007 and 2008.<br/>March 2012 Executive Director, Internal Audit, Tokushukai Medical Group<br/>March 2015 Left position of Executive Director, Internal Audit of that group<br/>(to date)</p> <p>[Important positions in other Company]<br/>He holds no other important positions.</p> <p>Reason for Candidacy for Outside Corporate Auditor<br/>In addition to having experience in the automotive industry, he has broad experience regarding internal controls and risk management, he also has extensive knowledge and experience in accounting and finance by acting as CFO of Nihon Michelin Tire KK from September 1977 to December 1983 and since 2012 he is actively performing his duties as an Ichikoh Outside Corporate Auditor. Because it is judged that it would be ideal for him to continue to use his advanced knowledge of internal control, risk management, accounting and finance in the auditing of Ichikoh, he has been chosen as a candidate for re-election as Outside Corporate Auditor.</p> <p>Length of service as Outside Corporate Auditor (at the close of this Shareholders Meeting): 7 years and 9 months</p> | 0                             |

## Notes

1. None of the candidates has a special interest relationship with the Company.
2. Candidates Aki Tsurumaki and Pierre Sevaistre are candidates for Outside Corporate Auditor. They have been reported to the Tokyo Stock Exchange as independent corporate officers and, in the event that they are both re-appointed, we plan to continue to report them in the same status.
3. There is an agreement between Aki Tsurumaki and Pierre Sevaistre and the Company, based on the provisions of Article 425-1 of the Companies Act, limiting their liability for damages under Article 423-1 of said Act with minimum limit amount as set forth in Article 425-1 of said Act and, in the event that they are re-elected, we intend to continue said agreement with them.
4. The number of shares of the Company that are held are noted as the number of actual shares held as of December 31, 2019.

**Proposal No. 4: Appointment of One (1) Substitute Corporate Auditor**

We propose that one Substitute Corporate Auditor be appointed, in the event that the statutory number of the Corporate Auditors is not satisfied.

This proposal has been agreed to by the Board of Corporate Auditors.

The candidate for a Substitute Corporate Auditor is as follows.

| Name<br>(Date of Birth)              | Brief Profile, Positions and Responsibilities at Ichikoh<br>[Status of Important positions in other companies]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Number of Ichikoh Shares Held |
|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| Shigenori Saito<br>(October 1, 1970) | 2001 Registered as an attorney (Tokyo Bar Association)<br>Joined Kamano Sogo Law Offices<br>2006 Saito Law Office<br>2016 Outside Director of Tokyo Soko Unyu Kabushikigaisha (to date)<br><br>[Important positions in other Company]<br>Saito Law Office, Outside Director of Tokyo Soko Unyu Co.,LTD.<br><br>Reason for Candidacy for Substitute Auditor<br>He has broad experience as an attorney. He is nominated as a candidate for Substitute Corporate Auditor because it is judged that it would be ideal for him to take the position of Corporate Auditor in the event that a vacancy in the Corporate Auditor occurs and actively use his advanced knowledge in overseeing the company. | 0                             |

(Notes)

1. The candidate has no special interest relationship with the Company.
2. Candidate Mr. Shigenori Saito is a candidate for substitute Outside Corporate Auditor.
3. In the event that Mr. Shigenori Saito is appointed as a Corporate Auditor, we intend to register Mr. Shigenori Saito as an Independent Director as stipulated by the Tokyo Stock Exchange
4. In the event that Mr. Shigenori Saito is appointed as a Corporate Auditor, we intend to execute an agreement between him and Ichikoh, based on the provisions of Article 427-1 of the Companies Act, limiting his liability for damages under Article 423-1 of said Act with minimum limit amount as set forth in Article 425-1 of said Act.

**Proposal No. 5: Determination of Amount of Post-issuance Type Stock Compensation for Directors**

The compensation for Company's Directors was approved to be 360 million yen or less per year (60 million yen or less for Outside Directors, and this amount does not include salaries for employees portion of Directors who have concurrently take the roles as employees) at the 82nd Ordinary General Shareholders' Meeting held on June 22, 2012, and in addition, 76 million yen or less per year (1 million yen or less for Outside Directors, and this amount does not include salaries for employees portion of Directors who have concurrently take the roles as employees ) as total amount of monetary compensation receivables to provide the restricted stocks was approved at the 86th Ordinary General Shareholders' Meeting held on June 29, 2016. This time, through the deliberation of the Compensation Advisory Committee, it was concluded that incentives to improve corporate value should be provided to the Directors who operate the Company's businesses (hereinafter referred to the "Executive Directors") and Outside Directors by introducing a compensation system more properly reflecting the mid-and long-term corporate performance and contribution to the Company. Therefore, the Company will ask for the approval of introduction of new Post-issuance Type Stock Compensation System (hereinafter referred to the "System") as described below to the Company's Executive Directors (excluding the Executive Directors who are newly elected at the Shareholders' Meeting which is held in the business year in which the date of the Initial Board of Directors Meeting as hereinbelow defined belongs) and Outside Directors (hereinafter collectively referred to as the "Eligible Directors") separately from the aforementioned amount of the compensation.

In the case this proposal is approved, the Company will abolish restricted stock compensation system excluding the compensation that has already been provided and it will not provide new restricted stock to Directors thereafter.

Moreover, if proposal No. 2 is approved without modification, the number of Director will be 10 (including 2 Outside Directors) and the number of Eligible Directors will be 8 (including 2 Outside Directors).

**【Details of the System】****1. Outline**

The System includes following three types of stock compensation system.

**(i) Performance Evaluation Type Performance Share Unit**

A type of stock compensation in which the Company's common stock (hereinafter referred to the "Company's Stock") of which number is calculated in accordance with achievement level of the performance target in 3 consecutive business years (hereinafter referred to as the "Performance Evaluation Period") starting from the business year during which the provision

of compensation to the Eligible Directors under the System is determined in the Board of Directors meeting (hereinafter “Initial Board of Directors Meeting”) is issued after the expiration of the period from the date of the Ordinary General Shareholders’ Meeting during the business year in which the Initial Board of Directors Meeting was held to the date of the Ordinary General Shareholders’ Meeting first held after the expiration of the Performance Evaluation Period (hereinafter referred to as the “Vesting Period”)

(ii) Qualitative Evaluation Type Performance Share Unit

A type of stock compensation the number of which is calculated in accordance with the issuance rate which is separately determined in the Board of Directors based on level of contribution in the Performance Evaluation Period

(iii) Restricted Stock Unit

A type of stock compensation in which the predetermined number of Company’s Stock is provided after Vesting Period based on the Eligible Directors continuously serving as Directors or Executive Officers in the Vesting Period.

Specifically, in order to deliver the Company’s Stock equivalent to the stock compensation of the above type (i) through (iii), the Company provides monetary compensation receivable to the Eligible Directors after the Vesting Period, and upon issuance of shares or disposition of treasury stocks, the Company provides the Company’s Stocks by having them pay all the i-kind monetary compensation receivable.

Please note that, under this System, the Company’s Stocks are to be provided in accordance with achievement level of performance, level of contribution and status of service as Directors, and thus whether or not the stocks are provided or not, to which Directors the stocks are provided, and the number of the stocks to be provided, are not finalized at the time of introduction of the System.

The number of stocks which the Company provides to the Eligible Directors under the System in one business year is 20,000 or less per eligible Director (however 3,000 or less per Outside Director) and the total number of stocks of all Eligible Directors is 200,000 or less (including 10,000 in total of all the Outside Directors). However, when the total number of issued stocks increases/decreases by consolidation, split or allotment of the stocks after the date on which the proposal is approved, the maximum amount and the number of the stocks delivered to the Eligible Directors is reasonably adjusted based on its rate.

This proposal is submitted as a proposal to resolve the concrete calculation method for compensations of which the amount has not been determined, as the appropriate

calculation method in light of the purpose of the System from the perspective of appropriately reflecting the facts that the amount of monetary compensation receivable provided to the Eligible Directors fluctuates according to the Company's stock price as described below, and the calculation method as the maximum of undetermined compensation is resolved in this proposal and its operation of determining the compensation in accordance with achievement level of performance, level of contribution and status of service as Directors during the Vesting Period within that limit is delegated to the Board of Directors. The specific timing and content of provision to each Eligible Director will be determined in the Board of Directors, to which delegation is made by this resolution in the General Shareholders' Meeting.

**【The amount of monetary compensation receivable in the System】**

1. Calculation method for the amount of monetary compensation receivable

The amount of money (monetary compensation receivable) is calculated by multiplying the number of stocks which are to be provided to the Directors under the System (hereinafter referred to the "Final Number of Stocks to be Provided") by the closing price of the Company's Stock at the Tokyo Stock Exchange (if no trading is concluded on the day, the closing price on the most recent trading day preceding that date, hereinafter referred to the "Closing Price of the Company's Stock") on the business day immediately prior to the date of the resolution at the Board of Directors meeting held to determine the issuance of new shares or disposition of treasury stocks for the provision of shares (hereinafter referred to the "Resolution of Board of Directors for Revision") within a period of 2 months from the date of the end of Vesting Period to.

|                                                                                                                                                                                       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Amount of Money (monetary compensation receivable) to be Provided to the Directors<br/>         = Final Number of Stocks to be Provided × Closing Price of the Company's Stock</p> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

2. Calculation Method for Final Number of Stocks to be Provided

Final Number of Stocks to be Provided is calculated by multiplying the number of stocks (if the calculation results in a fraction of less than one stock, rounded down to 0, hereinafter referred to as the "Base Number of Stocks to be Provided) calculated by dividing the amount which is double of monthly compensation in the month next to the month when the Director is appointed as a Director (if re-appointed as a Director, the month of immediately preceding re-appointment) for each Eligible Director (hereinafter referred to the "Base Compensation Amount") by the closing price of the Company's common stock at the Tokyo Stock Exchange (if no trading is concluded on the day, the closing price on the most recent trading day preceding that day, hereinafter referred to as the "Base Stock Price") on the business day immediately prior to the date of resolution at the Initial Board of Directors Meeting (hereinafter referred to the "Resolution of Initial



Board of Directors”) held at the beginning of Vesting Period by certain ratio shown in below calculation formula.

Maximum of the total amount of Base Compensation Amount for the Eligible Directors per business year is 40 million yen (including 6 million yen for Outside Directors) which is deemed appropriate based on the purpose of the System, and specific amount for each Eligible Directors is determined in Board of Directors meeting in accordance with the above provisions relating to the Base Compensation Amount. If total of the Base Compensation Amount calculated in accordance with the above provisions exceeds the above maximum amount, adjustment should be made at a Board of Directors meeting so that such total becomes less than such maximum amount.

(Calculation Method for Final Number of Stocks to be Provided)

|                                                                                                                                                                                                                                                                                                            |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Final Number of Stocks to be Provided =</p> <p>(i) Base Number of Stocks to be Provided (①) × 50% × Performance Condition Issuance Rate (②) + (ii) Base Number of Stocks to be Provided (①) × 25% × Contribution Condition Issuance Rate (③) + (iii) Base Number of Stocks to be Provided (①) × 25%</p> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

① Base Number of Stocks to be Provided :

Base Number of Stocks to be Provided is calculated by the following formula.

|                                                                                                                                         |
|-----------------------------------------------------------------------------------------------------------------------------------------|
| <p>Base Number of Stocks to be Provided = <math>\frac{\text{Base Compensation Amount for Director}}{\text{Base Stock Price}}</math></p> |
|-----------------------------------------------------------------------------------------------------------------------------------------|

② Performance Condition Issuance Rate :

Regarding Performance Condition Issuance Rate, targets of ROA (Return on Asset) and operation margin calculated by finalized consolidated balance sheet and consolidated statement of income for the 3 business years of Performance Evaluation Period, are determined in the Initial Board of Directors Meeting and then it is calculated in the range of 0% to 100% as described below based on the achievement level of the targets.

| Achievement Level                                                                                                                                                                             | Delivery rate |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| Achieved both targets for ROA and operating margin for 3 consecutive business years                                                                                                           | 100%          |
| Achieved one of the targets, ROA or operating margin, for 3 consecutive business years, and achieved the other indicator target for only 2 business years ( not limited to consecutive years) | 90%           |
| Achieved one of the targets, ROA or operating margin, for 3 consecutive                                                                                                                       | 80%           |

|                                                                                                                                                                                                                                                             |     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| business years, and achieved the other indicator target for only 1 business year                                                                                                                                                                            |     |
| Achieved both targets for ROA and operating margin for only 2 business years (not limited to consecutive nor common years)                                                                                                                                  | 80% |
| Achieved one of the targets, ROA or operating margin, for three consecutive business years, and did not achieved the other indicator targets in the three business years                                                                                    | 70% |
| Achieved one of the targets, ROA or operating margin, for two business years ( not limited to consecutive years), and achieved the other indicator target for only one business year (not limited to the common business year with the above business year) | 70% |
| Achieved one of the targets, ROA or operating margin, for 2 business years (not limited to consecutive years), and did not achieved the other indicator targets in the three business years                                                                 | 60% |
| Achieved both targets for ROA and operating margin for only 1 business year (not limited to 1 common business year)                                                                                                                                         | 60% |
| Achieved one of the targets, ROA or operating margin, for only 1 business year, and did not achieved the other indicator targets in the three business years                                                                                                | 50% |
| Nothing described above applies                                                                                                                                                                                                                             | 0%  |

ROA is calculated by the following formula.

|                                                                                                                             |
|-----------------------------------------------------------------------------------------------------------------------------|
| $\text{ROA}(\%) = \text{Net Income Attributable to Shareholders of the Parent Company} \div \text{Total Assets} \times 100$ |
|-----------------------------------------------------------------------------------------------------------------------------|

Operating margin is calculated by the following formula.

$$\text{Operating Margin} (\%) = \text{Operating Profit} \div \text{Sales} \times 100$$

### ③ Contribution Condition Issuance Rate :

Contribution Condition Issuance Rate is determined in the range of 0% to 100% based on contribution of each Eligible Director in the Performance Evaluation Period. Specifically, the Representative Director makes a proposal to the Compensation Advisory Committee, and through the deliberation of the Committee, it is determined by a resolution of the Board of Directors for Provision of compensation. However, for the Outside Directors, Contribution Condition Issuance Rate is 100%.

### 【Payment Condition of Compensation under the System】

Eligible Directors are subject to continuously serve as Directors or Executive Officers of the Company during the Vesting Period. In case the Director or Executive Officer resigns the post in the period (excluding the case of reappointment immediately after the resignation), neither monetary compensation receivable nor the Company's Stock is provided under the System.

However, in the case that the matter such as a re-organization (a merger agreement where the Company becomes the absorbed company), stock exchange agreement or stock transfer plan where the Company becomes a wholly owned subsidiary of another company, the new established division plan where the Company becomes a division company or the absorption-type company split agreement, stock consolidation where the Company is controlled by specific stockholder, acquisition of stocks subject to wholly call, and demand for sales of stocks (hereinafter referred to the "Re-organizations"), are approved by the General Shareholders' Meeting of the Company (or by the Board of Directors, if such Re-organizations do not require approval by the General Shareholders' meeting) during the Vesting Period (however, this is limited to the case where the effective date of the Re-organizations is scheduled to come earlier than the date of stock delivery under the System), the stocks or money in the number or amount which is calculated by the reasonable method determined by the Board of Directors based on the above calculation method and the time period until the approval, are provided at the time determined by the Board of Directors. In such calculation, Base Stock Price is used instead of the Closing Price of the Company's Stock.

**【Reference】**

The Company intends to introduce a similar post-issuance type stock compensation system for the Company's Executive Officers on the condition that this proposal is approved.

End