

[Translation]

To Our Shareholders:

June 5, 2026

Start date of Electronic Provision Measures May 28, 2026

Notice of the 121st Ordinary General Meeting of Shareholders

The Company's 121st Ordinary General Meeting of Shareholders will be held in accordance with the details listed below.

You can exercise your voting rights through the enclosed voting form or the Internet, etc. instead of attending the meeting. Please review the accompanying Reference Materials for Ordinary General Meeting of Shareholders, etc. and follow the "Information on Exercise of Voting Rights" on page 3 and below to exercise your voting rights by 5:30 p.m., Wednesday, June 24, 2026.

STANLEY ELECTRIC CO., LTD.
Yasuaki Kaizumi
Representative Director, President

1. Date: 10:00 a.m., Thursday, June 25, 2026

2. Place: Happo-en

MANGETSU (1st Floor of Main Building)

1-1-1, Shirokane-dai, Minato-ku, Tokyo

(Since the venue has been changed since the previous year, please refer to the venue map provided at the end of this notice and make sure you go to the correct venue.)

3. Agenda:

Items to be reported:

- 1: Report on the contents of the business report and the contents of the consolidated financial statements for the 121st business term (April 1, 2025, through March 31, 2026), and the results of audit by the Accounting Auditor and the Audit & Supervisory Board respectively, of the consolidated financial statements.
- 2: Report on the contents of the financial statements for the 121st business term (April 1, 2025, through March 31, 2026).

Items to be resolved:

No.1: Election of 9 Directors

No.2: Election of 1 Audit & Supervisory Board Member

No.3: Introduction of Stock Compensation Plan Based on a Stock delivery trust for Directors
(excluding Outside Directors and Non-residents of Japan)

4. Information on Electronic Provision Measures

Please refer to the "Information on Electronic Provision Measures" stated on the following page.

5. Information on Exercise of Voting Rights

Please refer to the "Information on Exercise of Voting Rights" stated on page 3 and below.

End

Information on Electronic Provision Measures

Information included in the Reference Materials for Ordinary General Meeting of Shareholders, etc. (excluding the voting form) for this Ordinary General Meeting of Shareholders (matters subject to electronic provision measures) are subject to electronic provision measures, so please see the relevant information by accessing the following website.

■ The Company's website

<https://www.stanley-electric.com/en/>



Please see the relevant information by accessing the above website and selecting “Investor Relations,” then “Stock Information,” and then “General Meeting of Shareholders.”

In addition to the above, the information is also published on the following website.

■ JPX Listed Company Search

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



Please see the relevant information by accessing the above website and entering “Stanley Electric” in the “Issue name (company name)” field or “6923” (half-width letters) in the securities “Code” field, clicking “Search,” then “Basic information,” and then “Documents for public inspection / PR information.”

The following matters are not stated in the documents delivered to shareholders who requested delivery of paper documents, pursuant to laws and regulations as well as the provisions of Article 15 of our Articles of Incorporation. The Audit & Supervisory Board Members and the Accounting Auditor have audited the documents that are subject to audit, including the following.

- (i) “Consolidated explanatory notes” in the consolidated financial statements
- (ii) “Individual explanatory notes” in the financial statements

If and when any change to the matters subject to electronic provision measures becomes necessary, it will be published on the Company's website and the JPX website above.

Other notices to shareholders will be published on the Company's website (<https://www.stanley-electric.com/jp/> *(Japanese only)). Please check the newest information as necessary on the Company's website.

If you need any assistance, such as with a wheelchair or being guided to your seat or the restroom, please contact the Company in advance at the following contact point.

**STANLEY ELECTRIC CO., LTD.
03-6866-2222**

Business hours: 9:00 a.m. to 5:30 p.m. Monday through Friday, excluding Saturdays, Sundays, and national holidays

Information on Exercise of Voting Rights

■ If attending the general meeting of shareholders:

Please present the voting form to the receptionist at the venue.

(Your seal is not necessary.)

■ If sending the voting form via postal mail:

Deadline: 5:30 p.m., Wednesday, June 24, 2026 (Japan Time)

Please indicate your approval or disapproval for each item on the voting form and send the completed voting form by postal mail without a stamp.

(Please return the completed voting form so that it arrives by the above deadline.)

Please note that in the event that you fail to indicate your approval or disapproval for a proposal, it will be deemed that you indicated your approval.

■ If exercising voting rights via the Internet:

Deadline: 5:30 p.m., Wednesday, June 24, 2026 (Japan Time)

■ Website to exercise voting rights: <https://evote.tr.mufg.jp/>

Please access the above website to exercise voting rights from a personal computer or a smartphone, enter your “**Login ID**” and “**temporary password**” described on the voting form, follow the instructions on the screen, and enter your approval or disapproval for each item by the above deadline. (However, please note that you will not be able to exercise your voting rights via the Internet on the designated website between the hours of 2:30 a.m. and 4:30 a.m. (Japan Time).)

Points to keep in mind:

- (1) Website to exercise voting rights
 - (i) Please note that you may not be able to exercise your voting rights via a personal computer or a smartphone on the designated website to exercise voting rights, depending on the Internet settings configured on your device, the services to which you are subscribed, or the model of your device.
 - (ii) You will be able to exercise your voting rights via the Internet on the designated website until **5:30 p.m., Wednesday, June 24, 2026 (Japan Time)**, but we ask that you kindly exercise your voting rights at your earliest convenience.
- (2) Handling of voting rights when a voting right is exercised on multiple occasions
 - (i) Please note that in the event that a voting right is exercised both by returning a voting form by mail and via the Internet, only the voting made via the Internet will be deemed valid and shall supersede the mailed voting form.
 - (ii) In the event that a voting right is exercised via the Internet on multiple occasions, the most recent voting right shall supersede the earlier voting right and be deemed valid.
- (3) Costs incurred for access to the website to exercise voting rights

Please note that Internet connection charges and communication charges, or the like incurred for access to the website to exercise voting rights shall be borne by the shareholder.

Internet

Deadline: **5:30 p.m., Wednesday, June 24, 2026 (Japan Time)**

■ How to scan the QR code with a smartphone

You may log in to the website to exercise voting rights without entering your Login ID and temporary password described on the duplicate slip of a voting form.

- (1) Please scan the QR code described on the right side of the duplicate slip of a voting form.

Note: “QR code” is a registered trademark of DENSO WAVE Incorporated.

- (2) Please follow the instructions on the screen, and enter your approval or disapproval for each item.

■ How to enter the Login ID and temporary password

Website to exercise voting rights: <https://evote.tr.mufg.jp/>

- (1) Please access the website to exercise voting rights.
- (2) Please enter your Login ID and temporary password described on the voting form, and click “Login.”
 - Enter the Login ID and temporary password
 - Click “Login”
- (3) Please follow the instructions on the screen, and enter your approval or disapproval for each item.

The Login ID and temporary password of the website to exercise voting rights are described on the lower right of the enclosed voting form.

For further assistance, regarding technical matters, etc., please contact:

Transfer Agent Department (Help Desk)

Mitsubishi UFJ Trust and Banking Corporation

Phone: 0120-173-027 (toll free)

Inquiries are accepted from 9:00 a.m. to 9:00 p.m. (Japan Time)

■ Voting platform for institutional investors

For management and trust banks or other nominee shareholders (including standing proxies), the Electronic Voting Platform operated by Investor Communications Japan, Inc. (ICJ, Inc.), a joint venture incorporated by Tokyo Stock Exchange, Inc. et al., is available as another electronic voting method for the general meeting of shareholders, in addition to the method of voting via the Internet as described above, subject to prior application for use to ICJ, Inc.

End of Notice

Reference Materials for Ordinary General Meeting of Shareholders

Items to Be Resolved and Reference Matters

First Item to be resolved

Election of 9 Directors

The term of office of all 10 Directors of the Company will expire at the end of this Ordinary General Meeting of Shareholders. In order to make decisions more strategically and flexibly at the Board of Directors, the Company has strengthened the system for business execution by Executive Officers and changed the Executive Officer system. Accordingly, the Company proposes that the number of Directors be reduced by 1, and 9 Directors be elected.

Candidates for Director of the Company are as follows.

Candidate No.	Name	Current title and responsibilities at the Company
1	Reelection Yasuaki Kaizumi Male	Representative Director, President Chief Executive Officer Chief Technology Officer - Executive General Manager, Technology Management Headquarters
2	Reelection Kazuki Takano Male	Director, Senior Managing Executive Officer Chief Operating Officer Chief Sales Officer - Executive General Manager, Sales Engineer Management Headquarters In charge of American Business
3	Reelection Tatsuaki Tomeoka Male	Director, Managing Executive Officer Chief Manufacturing Officer - Executive General Manager, Production Management Headquarters In charge of SNAP and Chinese Business
4	Reelection Tomohiro Kondo Known as: Tomohiro Ota Male	Director, Managing Executive Officer In charge of Special Assignments, Asia-Pacific and European Business
5	Reelection Hirokazu Kono Independent Outside Male	Outside Director
6	Reelection Yozo Takeda Independent Outside Male	Outside Director
7	Reelection Satoko Suzuki Independent Outside Female	Outside Director
8	Reelection Shoji Hatano Independent Outside Male	Outside Director
9	New election Ikuro Kuwata Male	Managing Executive Officer Chief Financial Officer - Executive General Manager, Corporate Administration Headquarters In charge of Sustainability, Corporate Communication, Compliance and Domestic Subsidiary.

Reelection: Candidate to be reelected

New election: Candidate to be newly elected

Outside: Candidate for Outside Director

Independent: Candidate for Independent Officer

Candidate No.	Name (Date of Birth)	Career History, Positions and Duties, and Significant Concurrent Posts	Number of Shares of the Company Owned
1.	<p data-bbox="185 282 429 360">Yasuaki Kaizumi (December 22, 1963)</p> <p data-bbox="244 423 368 456">Reelection</p> <p data-bbox="272 474 339 508">Male</p> <p data-bbox="185 575 429 719">Attendance at Board of Directors meetings (during this term) 15/15 (100%)</p>	<p data-bbox="450 282 1273 972"> April 1987: Joined the Company April 2011: General Manager, Engineering Technology Center June 2013: Executive General Manager, Integrated Components Division June 2017: Director Chief Advanced Technology Officer June 2020: Chief American Business Officer January 2021: Chief Engineering (Technology) Officer June 2021: Managing Director, Chief Environment Officer, Chief Information System Officer April 2022: President and Representative Director April 2026: Representative Director, President (present post) Chief Executive Officer (present post) Chief Technology Officer - Executive General Manager, Technology Management Headquarters (present post) </p> <p data-bbox="450 1005 1535 1330"> Reasons for nominating him as a candidate for Director Mr. Yasuaki Kaizumi has rich experience from having served in positions including the General Manager of the Engineering Technology Center, the Executive General Manager of the Integrated Components Division, and as a Director, Representative Director, and President, the Chief Advanced Technology Officer, the Chief American Business Officer, the Chief Engineering (Technology) Officer, the Chief Environment Officer, and the Chief Information System Officer, as well as the Chief Executive Officer and the Chief Technology Officer - Executive General Manager, Technology Management Headquarters has extensive knowledge of the Company's business, and has appropriately performed his duties and responsibilities. For these reasons, the Company has nominated him again as a candidate for Director. </p>	66,600 shares

Candidate No.	Name (Date of Birth)	Career History, Positions and Duties, and Significant Concurrent Posts	Number of Shares of the Company Owned
2.	<p data-bbox="177 282 437 360">Kazuki Takano (September 28, 1965)</p> <p data-bbox="244 423 368 456">Reelection</p> <p data-bbox="272 477 339 510">Male</p> <p data-bbox="177 530 437 622">Attendance at Board of Directors meetings (during this term)</p> <p data-bbox="228 640 384 674">15/15 (100%)</p>	<p data-bbox="442 282 1291 315">August 1991: Joined the Company</p> <p data-bbox="442 331 1291 398">April 2012: General Manager, Sales Department I, Automotive Division I</p> <p data-bbox="442 414 1291 443">June 2017: Executive General Manager, Automotive Division I</p> <p data-bbox="442 459 1291 488">June 2021: Executive Officer, Chief Particular Customer Officer</p> <p data-bbox="442 504 1291 633">April 2022: Executive Officer Chief Sales Officer Chief American Business Officer</p> <p data-bbox="442 649 1291 678">June 2022: Director</p> <p data-bbox="442 694 1291 828">April 2024: Managing Director Chief Human Resources Officer Chief American Business Officer (present post)</p> <p data-bbox="442 844 1291 873">April 2025: Senior Managing Director</p> <p data-bbox="442 889 1291 1086">April 2026: Director, Senior Managing Executive Officer (present post) Chief Operating Officer (present post) Chief Sales Officer - Executive General Manager, Sales Engineer Management Headquarters (present post)</p> <p data-bbox="442 1115 1291 1451">Reasons for nominating him as a candidate for Director Mr. Kazuki Takano has rich experience from having served in positions including the General Manager, Sales Department I, Automotive Division I, the Executive General Manager, Automotive Division I, and as a Director and Senior Managing Executive Officer, the Chief Particular Customer Officer, the Chief Sales Officer, the Chief American Business Officer, the Chief Human Resource Officer, the Chief Operating Officer and the Chief Sales Officer - Executive General Manager, Sales Engineer Management Headquarters has extensive knowledge of the Company's business, and has appropriately performed his duties and responsibilities. For these reasons, the Company has nominated him again as a candidate for Director.</p>	19,306 shares

Candidate No.	Name (Date of Birth)	Career History, Positions and Duties, and Significant Concurrent Posts	Number of Shares of the Company Owned
3	<p>Tatsuaki Tomeoka (August 8, 1964)</p> <p>Reelection</p> <p>Male</p> <p>Attendance at Board of Directors meetings (during this term) 15/15 (100%)</p>	<p>April 1987: Joined the Company</p> <p>April 2015: General Manager, Automotive Division III Hiroshima Plant Department</p> <p>June 2018: Executive General Manager, Integrated Components Division</p> <p>June 2020: Executive Officer, Chief Manufacturing Officer</p> <p>June 2021: Director (present post) Chief Domestic Subsidiary Officer Chief Purchasing Officer</p> <p>April 2022: Cost Competitiveness Officer</p> <p>June 2022: Chief Chinese Business Officer</p> <p>April 2024: Chief Manufacturing Officer Chief Chinese Business Officer (present post) Executive General Manager, Tooling Production Division, Production Management Headquarters</p> <p>April 2025: Chief Automotive Manufacturing Officer Chief SNAP Officer (present post)</p> <p>April 2026: Director, Managing Executive Officer (present post) Chief Manufacturing Officer - Executive General Manager, Production Management Headquarters (present post)</p> <p>Reasons for nominating him as a candidate for Director Mr. Tatsuaki Tomeoka has rich experience from having served in positions including the General Manager, Automotive Division III Hiroshima Plant Department, the Executive General Manager, Integrated Components Division, Executive General Manager, Tooling Production Division, and as a Director and Managing Executive Officer, Production Management Headquarters, the Chief Manufacturing Officer, the Chief Purchasing Officer, the Cost Competitiveness Officer, the Chief Chinese Business Officer, the Chief Automotive Manufacturing Officer, the Chief SNAP Officer and the Chief Manufacturing Officer - Executive General Manager, Production Management Headquarters has extensive knowledge of the Company's business, and has appropriately performed his duties and responsibilities. For these reasons, the Company has nominated him again as a candidate for Director.</p>	20,454 shares

Candidate No.	Name (Date of Birth)	Career History, Positions and Duties, and Significant Concurrent Posts	Number of Shares of the Company Owned
4.	<p>Tomohiro Kondo Known as: Tomohiro Ota (August 12, 1965) Reelection Male Attendance at Board of Directors meetings (during this term) 14/15 (93%)</p>	<p>April 1989: Joined the Company</p> <p>June 2015: Executive General Manager, Strobe Division</p> <p>June 2020: Executive General Manager, Integrated Components Division</p> <p>April 2022: Executive General Manager, Purchasing Control Division</p> <p>March 2024: President, Stanley Electric Trading (Shenzhen) Co., Ltd. (present post)</p> <p>April 2024: Executive Officer Chief Asia Pacific Business Officer (present post) Executive General Manager, Purchasing Division</p> <p>June 2024: Director Chief Purchasing Officer</p> <p>April 2025: Chief Tooling Officer</p> <p>April 2026: Director, Managing Executive Officer (present post) In charge of Special Assignments (present post) In charge of European Business (present post)</p> <p>Reasons for nominating him as a candidate for Director Mr. Tomohiro Kondo (known as Mr. Tomohiro Ota) has rich experience from having served in positions including the Executive General Manager of the Strobe Division, the Executive General Manager of the Integrated Components Division, the Executive General Manager of the Purchasing Control Division, the President of Stanley Electric Trading (Shenzhen) Co., Ltd., and as a Director and Managing Executive Officer, the Chief Asia Pacific Business Officer, the Chief Purchasing Officer, the Chief Tooling Officer, in charge of Special Assignments, and European Business , has extensive knowledge of the Company’s business, and has appropriately performed his duties and responsibilities. For these reasons, the Company has nominated him again as a candidate for Director.</p>	14,336 shares

Candidate No.	Name (Date of Birth)	Career History, Positions and Duties, and Significant Concurrent Posts	Number of Shares of the Company Owned
5.	<p>Hirokazu Kono (April 22, 1957)</p> <p><input type="checkbox"/> Reelection <input type="checkbox"/> Outside <input type="checkbox"/> Independent <input type="checkbox"/> Male</p> <p>Attendance at Board of Directors meetings (during this term) 15/15 (100%)</p>	<p>April 1987: Assistant at Graduate School of Business Administration, Keio University</p> <p>April 1991: Associate Professor at Graduate School of Business Administration, Keio University</p> <p>April 1998: Professor at Graduate School of Business Administration, Keio University</p> <p>October 2009: Dean of Graduate School of Business Administration, Keio University President of Keio Business School</p> <p>January 2012: President of Association of Asia-Pacific Business Schools</p> <p>May 2013: President of Japan Industrial Management Association Outside Audit & Supervisory Board Member of Okasan Securities Group Inc.</p> <p>June 2014: Outside Director, Audit & Supervisory Committee Member of Okasan Securities Group Inc.</p> <p>June 2015: Outside Director of the Company (present post)</p> <p>May 2017: Auditor of Japan Industrial Management Association</p> <p>March 2018: Outside Director of The Yokohama Rubber Co., Ltd.</p> <p>December 2020: Vice-President of the Japan Business School Education Development Organization (present post)</p> <p>March 2023: Outside Director, Audit & Supervisory Committee Member of The Yokohama Rubber Co., Ltd. (present post)</p> <p>April 2023: Professor Emeritus, Project Professor, Keio University (present post)</p>	5,400 shares
<p>Reasons for nominating him as a candidate for Outside Director and an overview of his expected role Mr. Hirokazu Kono specializes in management engineering and has insight and rich experience in business administration. Since his assumption of the office of Outside Director of the Company in June 2015, he has contributed to ensuring the objectivity, neutrality, and legal conformity of the Company's management. Also, if his reelection is approved, the Company expects that he will supervise the Company's management from an independent and objective standpoint through comments at Board of Directors meetings and recommendations, etc. as a member of the Governance Committee, an optional committee. For these reasons, the Company has nominated him again as a candidate for Outside Director.</p>			

Candidate No.	Name (Date of Birth)	Career History, Positions and Duties, and Significant Concurrent Posts	Number of Shares of the Company Owned
6.	<p>Yozo Takeda (February 4, 1949)</p> <p><input checked="" type="checkbox"/> Reelection <input checked="" type="checkbox"/> Outside <input checked="" type="checkbox"/> Independent <input checked="" type="checkbox"/> Male</p> <p>Attendance at Board of Directors meetings (during this term) 15/15 (100%)</p>	<p>June 1983: Director of Sanoh Industrial Co., Ltd.</p> <p>June 1987: Managing Director of Sanoh Industrial Co., Ltd.</p> <p>June 1991: Senior Managing Director of Sanoh Industrial Co., Ltd.</p> <p>June 1995: Representative Director and President of Sanoh Industrial Co., Ltd.</p> <p>July 2000: CEO of Sanoh Industrial Co., Ltd. (present post)</p> <p>July 2005: COO of Sanoh Industrial Co., Ltd.</p> <p>May 2012: Chairman and Chief Executive Officer of Sanoh Industrial Co., Ltd. (present post)</p> <p>June 2020: Outside Director of the Company (present post)</p> <p>Reasons for nominating him as a candidate for Outside Director and an overview of his expected role Mr. Yozo Takeda has insight and rich experience from many years as a manager of a company. Since his assumption of the office of Outside Director of the Company in June 2020, he has contributed to ensuring the objectivity, neutrality, and legal conformity of the Company's management. Also, if his reelection is approved, the Company expects that he will supervise the Company's management from an independent and objective standpoint through comments at Board of Directors meetings and recommendations, etc. as a member of the Governance Committee, an optional committee. For these reasons, the Company has nominated him again as a candidate for Outside Director.</p>	1,700 shares

Candidate No.	Name (Date of Birth)	Career History, Positions and Duties, and Significant Concurrent Posts	Number of Shares of the Company Owned
7.	Satoko Suzuki (November 17, 1977) <input type="checkbox"/> Reelection <input type="checkbox"/> Outside <input type="checkbox"/> Independent <input type="checkbox"/> Female Attendance at Board of Directors meetings (during this term) 15/15 (100%)	April 1999: Joined NIHON L'ORÉAL K.K. September 2006: Joined Boston Consulting Group K.K. (now Boston Consulting Group G.K.) September 2011: Lecturer at Graduate School of Management, Kyoto University April 2016: Associate Professor at Graduate School of Management, Kyoto University April 2017: Associate Professor at Graduate School of Business Administration, Department of International Corporate Strategy, Hitotsubashi University May 2020: Outside Director of Lawson, Inc. June 2022: Outside Director of the Company (present post) September 2023: Professor at Graduate School of Business Administration, Department of International Corporate Strategy, Hitotsubashi University (present post) June 2024: Outside Director (Audit and Supervisory Committee Member) of M3, Inc. (present post)	1,600 shares
<p>Reasons for nominating her as a candidate for Outside Director and an overview of her expected role Ms. Satoko Suzuki specializes in marketing and consumer behavior, has rich insight in respect of business administration including BtoC, and is experienced in being involved with management such as by expressing opinions and recommendations regarding management as an outside director of another company. Since her assumption of the office of Outside Director of the Company in June 2022, amid accelerating changes to the environment, she has contributed to ensuring the objectivity, neutrality, and legal conformity of management through supervision and advice for not only BtoC business but also branding, improvement of competitiveness, and further creation of value of the Group as a whole. Also, if her reelection is approved, the Company expects that she will supervise the Company's management from an independent and objective standpoint through comments at Board of Directors meetings and recommendations, etc. as a chairperson of the Governance Committee, an optional committee. For these reasons, the Company has nominated her again as a candidate for Outside Director.</p>			

Candidate No.	Name (Date of Birth)	Career History, Positions and Duties, and Significant Concurrent Posts	Number of Shares of the Company Owned
8.	<p>Shoji Hatano (July 27, 1959)</p> <p><input type="checkbox"/> Reelection <input type="checkbox"/> Outside <input type="checkbox"/> Independent <input type="checkbox"/> Male</p> <p>Attendance at Board of Directors meetings (during this term after taking office) 11/11 (100%)</p>	<p>April 1983: Joined the Terumo Corporation</p> <p>June 2009: Executive Officer of Terumo Corporation</p> <p>July 2012: Senior Executive Officer, General Manager of Strategic Planning Dept., and Responsible for Corporate Communication Dept. of Terumo Corporation</p> <p>April 2015: Managing Executive Officer of Terumo Corporation</p> <p>April 2016: President, General Hospital Company of Terumo Corporation (currently Medical Care Solutions Company)</p> <p>June 2016: Director and Managing Executive Officer of Terumo Corporation</p> <p>April 2020: Responsible for Corporate Affairs Dept., Legal and Compliance Department, Japanese Sales Management Dept., Environmental Management Dept., and Investor Relations Dept. of Terumo Corporation</p> <p>April 2022: Director and Group Senior Managing Executive Officer of Terumo Corporation</p> <p>April 2023: Legal and Compliance Division and Intellectual Property Dept. of Terumo Corporation</p> <p>June 2024: Advisor of Terumo Corporation</p> <p>June 2025: Outside Director of the Company (present post)</p> <p>Reasons for nominating him as a candidate for Outside Director and an overview of his expected role</p> <p>Mr. Shoji Hatano has engaged in planning and promoting corporate management policies and strategies for many years and has insight and rich experience concerning corporate management. Since his assumption of the office of Outside Director of the Company in June 2025, he has contributed to ensuring the objectivity, neutrality, and legal conformity of the Company's management through his supervision and advice concerning sustainable growth under the global and rapidly changing environment. Also, if his reelection is approved, the Company expects that he will supervise the Company's management from an independent and objective standpoint through comments at Board of Directors meetings and recommendations, etc. as a member of the Governance Committee, an optional committee. For these reasons, the Company has nominated him again as a candidate for Outside Director.</p>	2,200 shares

Candidate No.	Name (Date of Birth)	Career History, Positions and Duties, and Significant Concurrent Posts	Number of Shares of the Company Owned
9.	Ikuo Kuwata (March 9, 1964) New election Male	<p>April 1986: Joined the Company</p> <p>June 2021: Executive Officer Chief Financial Officer Chief Accounting Officer</p> <p>April 2024: Executive General Manager, Corporate Division</p> <p>April 2026: Managing Executive Officer (present post) Chief Financial Officer - Executive General Manager, Corporate Administration Headquarters (present post) In charge of Sustainability (present post) In charge of Corporate Communication (present post) In charge of Compliance (present post) In charge of Domestic Subsidiaries (present post)</p>	4,380 shares
		<p>Reasons for nominating him as a candidate for Director</p> <p>Mr. Ikuo Kuwata has rich experience from having served in positions including the Chief Financial Officer, the Chief Accounting Officer, in charge of Sustainability, Corporate Communication, Compliance and Domestic Subsidiaries as an Executive Officer and Managing Executive Officer, as well as the Chief Financial Officer - Executive General Manager, Corporate Administration Headquarters and has extensive knowledge of the Company's business. The Company has nominated him as a candidate for Director with the expectation that he will utilize such experience, etc. for the management as a Director.</p>	

Note 1: There are no special interests between the Director candidates and the Company.

Note 2: Hirokazu Kono, Yoza Takeda, Satoko Suzuki and Shoji Hatano are candidates for Outside Director.

Note 3: The Company has designated Hirokazu Kono, Yoza Takeda, Satoko Suzuki, and Shoji Hatano as independent officers under the provisions of the Tokyo Stock Exchange, and notified the exchange to that effect.

Note 4: Hirokazu Kono will have been in office as an Outside Director of the Company for 11 years at the close of this Ordinary General Meeting of Shareholders.

Note 5: Yoza Takeda will have been in office as an Outside Director of the Company for 6 years at the close of this Ordinary General Meeting of Shareholders.

Note 6: Satoko Suzuki will have been in office as an Outside Director of the Company for 4 years at the close of this Ordinary General Meeting of Shareholders.

Note 7: Shoji Hatano will have been in office as an Outside Director of the Company for 1 year at the close of this Ordinary General Meeting of Shareholders.

Note 8: Hirokazu Kono, Yoza Takeda, Satoko Suzuki, and Shoji Hatano are currently Outside Directors of the Company, and the Company has entered into a limited liability contract with each of them to limit their respective liability to 5 million yen or the minimum liability amount provided in Article 425, paragraph (1) of the Companies Act, whichever is higher. If their reelection is approved, the Company intends to maintain the foregoing limited liability contract with each of them.

Note 9: The Company has executed with an insurance company a directors' and officers' liability insurance contract, which covers damages, court costs, and the like that are borne by the insured as a result of a claim for damages arising from the execution of duties by the insured. If the election of the Director candidates is approved, each of them will be included among the insured under that insurance contract. Also, the Company intends to renew such insurance contract during the term of office.

Second item to be resolved**Election of 1 Audit & Supervisory Board Member**

The term of office of the Audit & Supervisory Board Member Mitsuhiro Amitani will expire at the end of this Ordinary General Meeting of Shareholders. It is therefore proposed that 1 Audit & Supervisory Board Member be elected.

The consent of the Audit & Supervisory Board has been obtained in respect of this item.

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

Name (Date of Birth)	Career History, Positions, and Significant Concurrent Posts	Number of Shares of the Company Owned
Yoshiko Matsuo Known as: Yoshiko Ota (August 19, 1974) <input type="checkbox"/> New election <input type="checkbox"/> Outside <input type="checkbox"/> Independent <input type="checkbox"/> Female	December 2010: Joined SAH & Co. January 2011: Admitted as a lawyer January 2016: Partner of SAH & Co. (present post) April 2023: Lecturer, Keio University Law School May 2025: Outside Audit & Supervisory Board Member of HUB Co., Ltd. (present post)	0 shares
<p>Reasons for nominating her as a candidate for Audit & Supervisory Board Member</p> <p>Ms. Yoshiko Matsuo (Known as: Yoshiko Ota) has insight and rich experience as a lawyer and is experienced in being involved with management such as by expressing opinions and recommendations regarding management as an outside director of another company. The Company expects that the objectivity, neutrality, and legal conformity of the Company's management will be ensured through her supervision and advice based on her insight and rich experience, and the Company considers that she will appropriately perform her duties as an Outside Audit & Supervisory Board Member. For these reasons, the Company has nominated her as a candidate for Outside Audit & Supervisory Board Member.</p>		

Note 1: There is no special interest between Audit & Supervisory Board Member candidate and the Company.

Note 2: Yoshiko Matsuo (Known as: Yoshiko Ota) is a candidate for Outside Audit & Supervisory Board Member.

Note 3: If the election of Yoshiko Matsuo (Known as: Yoshiko Ota) is approved, the Company intends to designate her as an independent officer under the provisions of the Tokyo Stock Exchange and notify the exchange to that effect.

Note 4: If the election of Yoshiko Matsuo (Known as: Yoshiko Ota) is approved, the Company intends to enter into a limited liability contract with her to limit their respective liability to 5 million yen or the minimum liability amount provided in Article 425, paragraph (1) of the Companies Act, whichever is higher.

Note 5: The Company has executed with an insurance company a directors' and officers' liability insurance contract, which covers damages, court costs, and the like that are borne by the insured as a result of a claim for damages arising from the execution of duties by the insured. If the election of the Audit & Supervisory Board Member candidate is approved, the candidate will be included among the insured under that insurance contract. Also, the Company intends to renew such insurance contract during the term of office.

Reference

Expertise and Experiences Required for Directors and Audit & Supervisory Board Members of the Company (Skills Matrix)

As a result of reviewing skills and experience required for the Company’s officers in connection with the strengthening of the system for business execution of the Company, the skills and experience expected of the Directors and Audit & Supervisory Board Members of the Company if each proposal is approved will be as follows.

Name		Corporate management	ESG/Sustainability	Financial and Accounting	Legal/ Risks	Sales/ Marketing	Manufacturing	Development and Engineering	Human resource Development	International Experience
Directors	Yasuaki Kaizumi	●						●		●
	Kazuki Takano	●				●	●		●	●
	Tatsuaki Tomeoka	●					●			●
	Tomohiro Kondo (Known as: Tomohiro Ota)	●								●
	Ikuo Kuwata	●	●	●	●					●
	Hirokazu Kono	Outside	●				●			●
	Yozo Takeda	Outside	●	●			●			
	Satoko Suzuki	Outside	●				●			●
	Shoji Hatano	Outside	●	●	●	●				●
Audit & Supervisory Board Members	Koichi Nagano	●								●
	Satoshi Oki	●					●			●
	Koichi Uehira	Outside		●	●					
	Eri Yokota	Outside	●		●				●	
	Yoshiko Matsuo (Known as: Yoshiko Ota)	Outside		●		●				●

Third item to be resolved Introduction of Stock Compensation Plan Based on a Stock Delivery Trust for Directors (excluding Outside Directors and Non-residents of Japan)

1. Reasons for the proposal and the reasons why such compensation is reasonable

Regarding compensation, etc. of the Directors of the Company, an annual amount of up to 900 million yen (excluding the employment salary of Directors who concurrently serve as employees) was approved at the 102nd Ordinary General Meeting of Shareholders held on June 26, 2007 (the “102nd General Meeting”), and in order to enhance the willingness of Directors (excluding Outside Directors) to contribute to boosting the stock price of the Company and to enhance the shareholder value and the corporate value of the Company, and to further promote shared value with shareholders of the Company, it was approved that, within the scope of annual compensation, etc. of up to 900 million yen as stated above, the amount of compensation, etc. with respect to the Restricted Stock for such Directors shall be up to 250 million yen per year, and that the upper limit on the total number of shares of Restricted Stock to be allotted to such Directors shall be 70,000 shares, as approved at the 120th Ordinary General Meeting of Shareholders held on June 25, 2025 (the “120th General Meeting”).

Recently, as a result of considering a compensation plan suitable for the above purposes, the Company decided that it would like to newly introduce a stock compensation plan based on a stock delivery trust for Directors of the Company (excluding Outside Directors and non-residents of Japan; the “Eligible Directors”) (the “Plan”), in place of the Restricted Stock plan (the “Former Plan”).

The Company, at the meeting of its Board of Directors held on May 20, 2026, established a new policy for determination of the details of individual compensation, etc. of Directors, on the condition that this item is approved and adopted (the current policy for determination is as stated in “4. (3) Compensation, etc. of officers for this business term” in the Business Report, and the contents of the revised new policy for determination are as set forth in the “Reference” section below). The Company considers the content of this item to be resolved appropriate since it is necessary and reasonable in light of the purpose and policy for determination of the matters stated above.

In addition, the number of Eligible Directors is currently 6, and this number will become 5 if the first item to be resolved is approved and adopted.

This item to be resolved is for the purpose of providing stock compensation to the Eligible Directors separately from the compensation amount approved at the 102nd General Meeting. Furthermore, subject to the approval and adoption of this item to be resolved, the compensation amount under the Former Plan approved at the 120th General Meeting will be abolished, and no new allotment of Restricted Stock under the Former Plan will be made thereafter.

2. Amount and details of compensation, etc. under the Plan

(1) Overview of the Plan

The Plan is a stock compensation plan under which a trust acquires shares of the Company using money contributed by the Company in an amount corresponding to the compensation of the Eligible Directors, and through such trust, shares of the Company and money equivalent to the cash value obtained from conversion of the Company’s shares into cash (the “Company Shares, etc.”) are delivered and paid (“Delivery, etc.”) to the Eligible Directors in accordance with their position, etc. (details are as described in (2) and thereafter below). The Plan applies to the fiscal years covered by the medium-term management plan established by the Company (the “Applicable Period”), and initially applies from the fiscal year ending March 31, 2027 through the fiscal year ending March 31, 2030 (4 fiscal years).

(i) Persons eligible for Delivery, etc. of Company Shares, etc. subject to this item to be resolved	• Directors of the Company (excluding Outside Directors and non-residents of Japan)
(ii) Impact of Company Shares subject to this item to be resolved on the total number of shares issued	
Upper limit on money contributed by the Company	• The amount obtained by multiplying 250 million yen by the number of years in the

(as described in (3) below)	<p>Applicable Period</p> <p>For the initial Applicable Period, the amount shall be one billion yen for the four fiscal years</p>
Upper limit on number of Company Shares, etc. for Delivery, etc. to Eligible Directors (as described in (4) below)	<ul style="list-style-type: none"> • The upper limit on the number of points to be granted to Eligible Directors per fiscal year shall be 70,000 points (one point equals one share of Company Shares) • The number of shares corresponding to the upper limit on the number of points granted per fiscal year (70,000 shares) represents approximately 0.06% of the total number of issued shares of the Company (after deduction of treasury stock, as of the end of March 2026)
Method of acquisition of Company Shares (as described in (3) below)	<ul style="list-style-type: none"> • Company Shares in connection with the Plan will be acquired on the stock market or from the Company (disposal of treasury stock)
(iii) Timing of Delivery, etc. of the Company Shares, etc. to Eligible Directors (as described in (5) below)	<ul style="list-style-type: none"> • A number of Company Shares corresponding to a certain percentage of the number of points will, in principle, be delivered from the trust after the end of each fiscal year, and the delivered shares will, in principle, be subject to a 35-year transfer restriction (the “Restriction Period”) • In principle, at the time the above transfer restrictions are lifted, Company Shares corresponding to the remaining points will be converted into cash within the trust as funds for payment of tax, and money equivalent to the cash conversion amount will be paid

(2) Trust period

The initial trust period shall be approximately four years, from July 2026 (planned) to August 2030 (planned). However, upon expiration of the trust period, the trust period may be extended as described in (3) below.

(3) Trust amount and method of acquisition of the Company shares by the Trust

For the purpose of acquiring Company Shares for Delivery, etc. to Eligible Directors, the Company shall establish, for each Applicable Period, an upper limit on trust money contributed in an amount obtained by multiplying 250 million yen by the number of years in the Applicable Period (one billion yen for the initial Applicable Period of four fiscal years), contribute such trust money, and establish a trust with an approximately four-year trust period corresponding to the Applicable Period for the benefit of the Eligible Directors (the “Trust”). The Trust shall, in accordance with the instructions of the trust administrator, acquire Company Shares from the stock market or from the Company (through disposal of treasury stock) using the trust money as funds. During the Applicable Period, the Company shall grant points to Eligible Directors (as described in (4) below), and the Trust shall conduct Delivery, etc. of Company Shares, etc.

Furthermore, upon expiration of the trust period of the Trust, the Trust may be continued by amending the trust agreement and making an additional contribution to the Trust. In such case, the fiscal years covered by the medium-term management plan established by the Company at that time shall become the new Applicable Period, and the trust period of the Trust shall be extended for the number of years corresponding to such period. For each extended period, the Company shall make additional contributions within the upper limit on trust money contributions to the Trust approved by resolution at this Ordinary General Meeting of Shareholders, continue granting points to Eligible Directors during the extended trust period, and the Trust shall continue Delivery, etc. of Company

Shares, etc. However, when making such additional contributions, if Company Shares remaining in the trust assets at the end of the trust period prior to extension (excluding Company Shares corresponding to points already granted to Eligible Directors for which Delivery, etc. has not yet been completed) and money (the “Remaining Shares, etc.”) remain, the aggregate amount of the Remaining Shares, etc. and the additional trust money contributed by the Company shall be within the upper limit on trust money contributions to the Trust approved by resolution at this Ordinary General Meeting of Shareholders. Such extension of the trust period may be carried out more than once in the same manner thereafter. Furthermore, the upper limit on trust money contributions to the Trust shall be the same as the upper limit on compensation under the Former Plan.

In addition, if, upon expiration of the trust period (or upon expiration of the extended trust period where the trust period has been extended as described above), the trust agreement is not amended and no additional contribution is made to the Trust, no new points will thereafter be granted to Eligible Directors; however, the trust period of the Trust may be extended for a certain period until Delivery, etc. of Company Shares, etc. to Eligible Directors who may satisfy the beneficiary requirements is completed.

(4) Calculation method and upper limit on number of Company Shares, etc. for Delivery, etc. to Eligible Directors

The number of Company Shares, etc. for Delivery, etc. to Eligible Directors shall be determined according to the number of points granted based on their position, etc.

One point shall equal one share of common stock of the Company, and if during the trust period a stock split, share consolidation or similar event occurs with respect to the Company Shares held in the Trust, the number of Company Shares per point and the upper limit on the number of Company Shares, etc. for Delivery, etc. from the Trust shall be adjusted in accordance with the stock split ratio or consolidation ratio, etc. of the Company Shares.

The upper limit on the number of points granted to Eligible Directors during the trust period of the Trust shall be 70,000 points per fiscal year, and the upper limit on the number of Company Shares, etc. that Eligible Directors may receive from the Trust per fiscal year during the trust period shall be the number of shares corresponding to such upper limit on points (the “Upper Limit on Delivered Shares”).

Furthermore, if the Trust is continued pursuant to (3) above, the Upper Limit on Delivered Shares per fiscal year during the extended trust period shall be the same. This Upper Limit on Delivered Shares has been established with reference to recent stock prices, etc., taking into account the upper limit on money contributed by the Company described in (3) above. In addition, the upper limit on the number of points granted per fiscal year shall be the same as the upper limit on the number of shares of Restricted Stock allotted under the Former Plan.

(5) Method and timing of Delivery, etc. of Company Shares, etc. to Eligible Directors

Eligible Directors who satisfy the beneficiary requirements shall, in principle, after the end of each fiscal year, be delivered Company Shares corresponding to a certain percentage of the number of points calculated pursuant to (4) above by carrying out the prescribed procedures for determining beneficiary rights.

The delivered Company Shares shall be subject to the Restriction Period, and such transfer restrictions shall be lifted upon the expiration of the Restriction Period. However, if the Eligible Director resigns from the position as Director before the expiration of the Restriction Period due to the expiration of the term of office or other reasons deemed justifiable by the Board of Directors, or due to death, the transfer restriction will, in principle, be lifted at that time.

The Company Shares subject to transfer restrictions are planned to be managed in a dedicated account opened in advance by the Eligible Director with a securities company so that during the Restriction Period such shares may not be assigned, pledged, made subject to a security interest, gifted inter vivos, bequeathed, or otherwise disposed of in any manner to a third party.

If the Board of Directors of the Company determines that a serious violation has occurred by the Eligible Director during the Restriction Period, the Company may automatically acquire without consideration the shares delivered to such Eligible Director.

Furthermore, in principle, at the time the above transfer restrictions are lifted, Company Shares corresponding to the remaining points shall be converted into cash within the Trust through the prescribed procedures for determining beneficiary rights in order to secure funds for payment of taxes, and money equivalent to the cash conversion amount shall be paid.

In addition, if during the trust period an Eligible Director becomes a non-resident of Japan, in principle all Company Shares corresponding to the points granted at that time shall be converted into cash within the Trust, and money equivalent to the cash conversion amount shall be paid to such Eligible Director.

In addition, if an Eligible Director dies during the trust period, in principle all Company Shares corresponding to the points granted at that time shall be converted into cash within the Trust, and the heirs of such Eligible Director shall receive payment of money equivalent to the cash conversion amount.

(6) Voting rights related to the Company Shares in the Trust

Voting rights with respect to Company Shares held in the Trust shall not be exercised during the trust period in order to ensure neutrality toward management.

(7) Treatment of dividends on the Company Shares in the Trust

Dividends paid on Company Shares held in the Trust shall, after receipt by the Trust, be applied to trust fees and trust expenses of the Trust, and an amount equivalent to dividends corresponding to the cumulative number of points held by Eligible Directors on each dividend record date occurring during the trust period shall, in principle, be paid upon the retirement of such Eligible Directors.

(8) Other matters concerning the Plan

Other matters relating to the Plan shall be determined by the Board of Directors each time the Trust is established, the trust agreement is amended, or additional contributions are made to the Trust.

Reference

- Policy, etc. for determination of the details of individual compensation, etc. of Directors and Audit & Supervisory Board Members

If this item to be resolved is approved and adopted, matters concerning the policy, etc. for determination of the details of compensation, etc. of Directors and Audit & Supervisory Board Members shall be as follows.

Basic policy

As described below, the policy for compensation, etc. of Directors and Audit & Supervisory Board Members (“officers”) are determined by the Board of Directors for Directors and by the Audit & Supervisory Board for Audit & Supervisory Board Members, respectively, through consultations with and reports from the Governance Committee, a voluntary committee equivalent to a nomination committee and compensation committee, with the purpose of determining officer compensation, etc. in a fair and appropriate manner.

- (a) The compensation system shall be objective when viewed by stakeholders including shareholders.
- (b) The compensation system shall be partially linked to performance, in order to clarify responsibility for execution of their duties.
- (c) The policy is determined appropriately in light of economic trends, the Company’s business environment, performance, linkage with corporate value over the medium- to long-term, and compensation levels at other companies based on officer compensation survey data collected by external expert organizations, etc.

Overview of the officer compensation system

Officer compensation consists of the following elements. It is calculated using a coefficient set for each element of the system.

	Monetary compensation	Non-monetary compensation
Other compensation	Fixed compensation	None
Performance-linked compensation	Bonus	Shareholder value-linked compensation Regular stock options

- (a) Introduce a stock compensation plan based on a stock delivery trust for Directors (excluding Outside Directors and non-residents of Japan) as shareholder value-linked compensation, with the purpose of increasing their motivation to contribute to increasing stock prices, shareholder value, and corporate value, and to further promote value sharing with shareholders.
- (b) Provide share subscription rights as regular stock options to Directors (excluding Outside Directors) and managers free of charge, in order for them to share the risks and rewards of fluctuations in stock prices with shareholders, and to increase their motivation more than ever before to contribute to increasing stock prices and corporate value.
- (c) Compensation for Outside Directors and Audit & Supervisory Board Members shall be fixed compensation only from the standpoint of ensuring their independence.
- (d) Regarding the time of payment, fixed compensation, will be paid monthly, Other compensation will be paid (allocated) at a certain time.

Policy for determination of compensation for each individual by type of compensation and percentage of total compensation

The Company's fixed compensation is calculated after comprehensively considering positions, responsibilities, etc.

The Company's performance-linked compensation (including non-monetary compensation) for officers is intended to establish fair and appropriate officer compensation, each of which is calculated as follows: (i)shareholder value-linked compensation mainly by based on Company's performance, bonus based on net income and the officer bonus calculation coefficient, and (iii) regular stock options mainly based on stock price, and based on the premise that corporate management from a medium- to long-term perspective is important, we, after giving due consideration to the two perspectives of motivating Directors to contribute to the enhancement of corporate value and pursuing the interests of shareholders, decide on the percentage of these two factors in the total.

–End of Item to Be Resolved–

BUSINESS REPORT

(From April 1,2025 to March 31,2026)

1. Matters relating to current status of the corporate group

(1) Business progress and results

General overview of business

During this consolidated fiscal year, the global economy saw a gradual slowdown in China and showed signs of a turnaround in Europe and Asia. The economy gradually recovered in Japan while it is necessary to pay close attention to the impact of the situation in the Middle East, and the economy continued to gradually expand in the United States despite certain signs of bearishness.

The business performance of the Company and its group companies (the “Company Group”) was impacted by the strict business environment in China and Asia, the tariffs and semiconductor shortage of the United States, and the quality-related expenses. On the other hand, there is an increase in revenue by the full-year contribution of Stanley-Angstrom Electric da Amazonia Ltda. which became a consolidated subsidiary since the third quarter of the previous consolidated fiscal year. As a result, for this consolidated fiscal year, net sales were 518,456 million yen (up 1.7% from the previous year), operating income was 42,674 million yen (down 12.9% from the previous year), ordinary income was 50,853 million yen (down 8.3% from the previous year), and net income attributable to parent company shareholders was 32,813 million yen (up 2.4% from the previous year).

Overview of business segments of Company Group

Business Segment	Net sales				Year-on-year change (%)
	120th term (April 2024 to March 2025)		121st term (April 2025 to March 2026)		
	Amount (millions of yen)	Ratio (%)	Amount (millions of yen)	Ratio (%)	
Automotive Equipment Business	440,130	86.4	447,139	86.2	1.6
Electronic Components Business	37,065	7.3	39,323	7.6	6.1
Applied Electronic Products Business	116,344	22.8	112,570	21.7	(3.2)
Other	3,133	0.6	3,207	0.6	2.4
Adjustments	(87,108)	(17.1)	(83,784)	(16.1)	-
Total	509,565	100.0	518,456	100.0	1.7

Automotive Equipment Business

The major products in this segment include lamps for automobiles and motorcycles.

With regard to trends in related markets, automobile production was flat in Japan, Americas, and Europe and rose in Asia and China, resulting in an overall slight increase worldwide. Motorcycle production rose in Japan, Americas and Asia, as well as in an overall increase worldwide.

The Company Group’s Automotive Equipment Business was positively impacted by streamlining effects from production innovation in the sales of automotive lamps, on the other hand, it was impacted by the strict business environment in China and Asia, the tariffs and semiconductor shortages in the United States, and quality-related expenses. Sales of motorcycle lamps steadily increased as a whole despite signs of slowdown in certain regions. There is an increase in revenue by the full-year contribution of Stanley-Angstrom Electric da Amazonia Ltda. which becomes a consolidated subsidiary since the third quarter of the previous consolidated fiscal year.

As a result, net sales for the Automotive Equipment Business in this consolidated fiscal year were 447,139 million yen (up 1.6% from the previous year), operating income was 44,937 million yen (down 4.3% from the previous year).

Electronic Components Business

The major products in this segment include LEDs and LCDs.

With regard to major trends in related markets, the automotive markets slightly increased.

In this market environment, the Company Group's Electronic Components Business was positively impacted by the increase in sales of automotive LCDs. The business was also impacted by the absence of temporary expenses recorded in the previous year due to the disposal of inventory to adjust inventory levels.

As a result, net sales in the Electronic Components Business in this consolidated fiscal year were 39,323 million yen (up 6.1% from the previous year), and operating income was 2,884 million yen (up 15.6% from the previous year).

Applied Electronic Products Business

The major products in this segment include LCD backlights, operation panels, LED lighting, and electronic substrates.

With regard to major trends in related markets, the OA lighting market saw a decrease, the automotive interior market slightly increased, and the PC and tablet market saw an increase.

In this market environment, the Company Group's Applied Electronic Products Business was impacted by the strict business environment in China and Asia. On the other hand, the business was impacted by the increase in sales of PC backlights and the absence of temporary expenses recorded in the previous year due to the disposal of inventory to adjust inventory levels.

As a result, net sales in the Applied Electronic Products Business for this consolidated fiscal year were 112,570 million yen (down 3.2% from the previous year) and operating income was 9,302 million yen (up 5.6% from the previous year).

(2) State of financing

The Company has entered into an overdraft agreement with financial institutions for efficient business financing. The amount of outstanding borrowings under such agreement at the end of this term is 76,700 million yen.

As of April 15, 2026, the Company has entered into loan agreement with financial covenants to cover funds required for acquisition of shares of Iwasaki Electric Co., Ltd.

(3) Capital investment

Capital investment in this consolidated fiscal year totaled 52,225 million yen, of which the following is a breakdown.

Investment category	Amount (millions of yen)
Automotive Equipment Business	31,530
Electronic Components Business	3,389
Applied Electronic Products Business	7,365
Other	14
Corporate	9,924
Total	52,225

Note: "Corporate" represents capital expenditures for basic testing and research activities and administrative departments.

(4) Assets and profit (loss) of the corporate group

Category		118th term (April 2022 to March 2023)	119th term (April 2023 to March 2024)	120th term (April 2024 to March 2025)	121st term (this term) (April 2025 to March 2026)
Net sales	(Millions of yen)	439,574	472,397	509,565	518,456
Ordinary income	(Millions of yen)	44,872	48,064	55,454	50,853
Net income attributable to owners of parent	(Millions of yen)	26,496	26,497	32,058	32,813
Net income per share	(Yen)	162.32	162.41	205.73	240.51
Total assets	(Millions of yen)	629,611	708,264	749,605	809,264
Net assets	(Millions of yen)	536,128	589,362	598,906	571,938
Net assets per share	(Yen)	2,875.15	3,269.80	3,255.93	3,695.49

Note: The classification of technical assistance fee income from licensees has changed from non-operating income to net sales from the 119th business term.

Figures for the 118th term are the reclassified figures with such change in accounting method reflected.

(5) Issues to be addressed

In the global economy, various risks still exist, such as the impact of the situation in the Middle East, a slowdown in the Chinese market, and U.S. trade policy.

In this environment, the Company Group launched the Eighth Three-Year-Term Management Plan in FY2023 with the guiding principle of “Contributing to Society by Achieving Safety and Security - Turning Dreams into Reality with the Power of Light.” This plan was formulated by adding a backcasting perspective that takes into account the external environment expected in 2030 to the three-year management plan set forth in the “Stanley Group Third Long-Term Management Objective” formulated in 2020. The three major themes and management targets are as follows.

1. The TADAS concept of manufacturing

TADAS is an idea born from the desire to bring safety and security to all people. Under the TADAS concept of using up all resources without wasting any of their functions, the Company Group will provide highly safe products at reasonable prices by achieving pricing that enables all people to enjoy value.

2. Developing new markets with unique optical technology

The Company Group clearly differentiates itself from its competitors by creating new products with its unique technology that pursues the value of light, such as in-vehicle lamp systems that improve driving safety in bad weather and products that use non-visible light, and will continue to develop new markets.

3. Pursuing challenges with Speed as “One Stanley”

“One Stanley” is where the Company Group’s employees around the world work together as one on the same vector to take up challenges and produce results. As One Stanley, the Company Group will deliver value with speed on a global scale.

As initiatives to these themes, in addition to implementing streamlining by production innovation, the Company incorporated a joint venture company with Mitsubishi Electric Mobility Corporation for the purpose of business expansion into the field of mobility infrastructure systems and making Iwasaki Electric Co., Ltd. a consolidated subsidiary for the purpose of strengthening the electronic business. And, the Company consolidated Thai Stanley Electric Public Co., Ltd. as a hub of Asia Pacific, and in order to establish a system that allows the Company to handle everything from design and development to production in South America, made Stanley-Angstrom Electric da Amazonia Ltda. a consolidated subsidiary, thereby creating a foundation for providing value globally and simultaneously.

In addition, the Company Group made efforts to improve its profitability and asset efficiency while establishing a strong financial structure and making active investments.

In May 2024, the Company Group updated its Eighth Three-Year-Term Management Plan, which started in FY 2023, and aimed to achieve net sales of 590 billion yen, operating profit ratio of 10.5% (10% responsible profits) and ROE of 8% at fiscal year ending March 2026. However, the business environment surrounding the Company Group has changed significantly since the launch of the Eighth Three-Year-Term Management Plan, and due to stagnation in the Chinese market and U.S. trade policy or the like, for the fiscal year ending March 2026, the final fiscal year, the performance resulted in net sales of 518.4 billion yen, operating profit ratio of 8.2%, and ROE of 7.0%.

The business environment surrounding the Company Group, including the automotive industry and related markets, has changed significantly, and the Company Group is required to improve development speed and optimize costs. Under these circumstances, the Ninth Three-Year-Term Management Plan was launched for the purpose of establishing foundations to stably create value and profit. Through these initiatives, the Company Group aims to achieve ROE of 10 % by making efforts to improve its profitability and asset efficiency through initiatives for the Ninth Three-Year-Term Management Plan and become a “competitive company” by 2030.

Going forward, the Company asks its shareholders for their continued valued support.

(6) Main operating segments of the corporate group

The names of the operating segments and main products of the Company Group are as follows.

Automotive Equipment Business:	Automotive lighting products
Electronic Components Business:	Electronic device products
Applied Electronic Products Business:	Applied electronic products
Others:	Others

(7) Main offices etc. of the corporate group

(i) Main sales offices and factories

Head office	Meguro-ku, Tokyo
Domestic branches	Osaka Branch (Osaka), Nagoya Branch (Aichi), Sayama Office (Saitama), Asaka Office (Saitama), Suzuka Office (Mie)
Domestic factories	Hatano Factory (Kanagawa), Okazaki Factory (Aichi), Hamamatsu Factory (Shizuoka), Hiroshima Factory (Hiroshima), Tsuruoka Factory first Tsuruoka plant (Yamagata), Tsuruoka Factory second Tsuruoka plant (Yamagata) Stanley Niigata Works Co., Ltd. (Niigata)
Overseas sales and production bases, etc.	Stanley Electric Holding of America, Inc. (U.S.A.), Stanley Electric U.S. Co., Inc. (U.S.A.), I I Stanley Co., Inc. (U.S.A.), Stanley Electric do Brasil Ltda. (Brazil), Stanley Electric Manufacturing Mexico S.A. de C.V. (Mexico), Thai Stanley Electric Public Co., Ltd. (Thailand), Stanley Electric (China) Investment Co., Ltd. (China), Tianjin Stanley Electric Co., Ltd. (China), Tianjin Stanley Electric Technology Co., Ltd. (China), Guangzhou Stanley Electric Co., Ltd. (China)
R&D bases, etc.	Research & Development Laboratory (Kanagawa), Utsunomiya Satellite Center (Tochigi), Yokohama Satellite Center (Kanagawa), Yokohama Technical Center (Kanagawa), Minatomirai Technical Center (Kanagawa), Hatano Technical Center (Kanagawa)

(ii) Status of employees of the Company Group

Name of operating segment	Number of employees	Change from the end of the previous term (number of people)
Automotive Equipment Business	11,183	(413)
Electronic Components Business	802	(213)
Applied Electronic Products Business	2,418	82
Other	250	10
Corporate	3,577	183
Total	18,230	(351)

Note 1: The number of employees is the number of persons currently employed.

Note 2: "Corporate" includes employees involved in basic testing and research activities and administrative departments.

(8) Status of significant parent company and subsidiaries

(i) Status of parent company

Not applicable.

(ii) Status of subsidiaries

Name	Ownership ratio(%)	Main businesses
Stanley Niigata Works Co., Ltd.	100.0	Manufacture of automotive equipment products Manufacture of applied electronic products
Stanley Electric Holding of America, Inc. (U.S.A.)	100.0	Holding company of Stanley Electric U.S. Co, Inc., I I Stanley Co., Inc., Hexa Tech, Inc., Stanley Electric Sales of America, Inc. and Stanley-Angstrom Electric da Amazonia Ltda.
Stanley Electric do Brasil Ltda. (Brazil)	96.3	Manufacture and sale of automotive equipment products
Stanley Electric Manufacturing Mexico S.A. de C.V. (Mexico)	100.0	Manufacture and sale of automotive equipment products Manufacture and sale of applied electronic products
Thai Stanley Electric Public Co., Ltd. (Thailand)	49.4	Manufacture and sale of automotive equipment products
Vietnam Stanley Electric Co., Ltd. (Vietnam)	60.0	Manufacture and sale of automotive equipment products Manufacture and sale of applied electronic products
Tianjin Stanley Electric Technology Co., Ltd. (China)	100.0	Design and development of automotive equipment products
Stanley Electric (China) Investment Co., Ltd. (China)	100.0	Holding company of Suzhou Stanley Electric Co., Ltd., Shenzhen Stanley Electric Co., Ltd., Tianjin Stanley Electric Co., Ltd., Wuhan Stanley Electric Co., Ltd., Guangzhou Stanley Electric Co., Ltd., Shanghai Stanley Electric Co., Ltd., and Stanley Electric Trading (Shenzhen) Co., Ltd.

Note: As of April 1, 2025, the Company carried out an absorption-type merger, in which the Company was the surviving company and Stanley Tsuruoka Works Co., Ltd. was the absorbed company.

(9) Principal lenders and loan amounts

Lenders	Balance of loan amounts
Sumitomo Mitsui Banking Corporation	38,500 million yen
MUFG Bank, Ltd.	38,200 million yen

(10) Policy on determining dividends of surplus, etc.

The Company Group's basic policy is to maintain stable dividend payments and appropriate return of profit to shareholders, while working to strengthen the Company Group's financial position and business foundation. The Company will use internal reserves for investments to bolster corporate value, such as new product/ business development and more streamlined management structure from the medium- to long-term perspective, and work to further strengthen the corporate structure and competitiveness of the Company.

The Company's basic policy on dividends, is to provide the appropriate return of profits to shareholders, focusing on maintaining stable dividends and capital efficiency, with a dividend on equity (DOE) ratio of 3.5% or a target consolidated dividend payout ratio of 40%, whichever is higher. The year-end dividend for this term will be 55 yen per share, and together with the interim dividend of 49 yen per share, the annual dividend will be 104 yen per share.

In order to expand shareholder returns and enhance capital efficiency, the Company implemented an acquisition of treasury stock of 79,999 million yen (26.29million shares) in this term during the period from July 1, 2025 to January 28, 2026, based on a resolution of the Board of Directors meeting held on June 10, 2025. In addition, the Company retired treasury stock amounting to 78,132 million yen (26 million shares) on February 12, 2026.

(11) Other important matters concerning the current status of corporate group

Not applicable.

2. Matters related to shares

- (1) Total number of shares authorized 750,000,000 shares
(2) Total number of shares issued 126,000,000 shares

Note: Due to a retirement of treasury shares on February 12, 2026, the “total number of shares issued” decreased by 26,000,000 shares compared to the end of the previous business term.

- (3) Number of shareholders as of the end of this business term 9,192
(4) Major shareholders

Name of shareholder	Number of shares held (thousands of shares)	Shareholding ratio (%)
Honda Motor Co., Ltd.	16,735	13.62
The Master Trust Bank of Japan, Ltd. (Trust Account)	14,831	12.07
Custody Bank of Japan, Ltd. (Trust Account)	7,460	6.07
Nippon Life Insurance Company	6,886	5.60
STATE STREET BANK AND TRUST COMPANY 505001	3,939	3.21
City Index Eleventh Co., Ltd.	3,808	3.10
JPMorgan Securities Japan Co., Ltd.	2,987	2.43
National Mutual Insurance Federation of Agricultural Cooperatives	2,834	2.31
STATE STREET BANK AND TRUST COMPANY 505103	2,827	2.30
BNYMSANV AS AGENT/CLIENTS LUXUCITS NONTREATY 1	2,770	2.25

Note: Shareholding ratio is calculated minus treasury stock (3,089 thousand shares).

(5) Status of shares delivered to the Company’s officers during this business term as compensation for the execution of their duties

The shares delivered during this business term were common stock of the Company (restricted stock) subject to a certain period of transfer restrictions, events for gratis acquisition by the Company, and other stipulations, and the status of their delivery is as follows.

	Class and number of shares	Number of officers eligible for delivery
Directors (excluding Outside Directors)	32,100 shares of common stock of the Company	6
Outside Directors	- shares of common stock of the Company	-
Audit & Supervisory Board Members	- shares of common stock of the Company	-

(6) Other important matters concerning shares

Treasury stock acquired during this business term by a Board of Directors resolution as authorized by the Articles of Incorporation pursuant to Article 459, Paragraph 1 of the Companies Act of Japan.

- (i) Common stock 26,291,800 shares
(ii) Total acquisition cost 79,999,898 thousand yen
(iii) Reason for the acquisition To expand shareholder returns and enhance capital efficiency

3. Matters related to share subscription rights, etc.

(1) Overview of share subscription rights, etc. delivered to Company's officers as compensation for the execution of their duties as of the end of this business term.

Share subscription rights as stock options

Name	Series 11 share subscription rights	Series 12 share subscription rights
Date of resolution to issue	July 26, 2021	October 31, 2022
Number of holders	Six Directors of the Company (excluding Outside Directors)	Six Directors of the Company (excluding Outside Directors)
Number of share subscription rights	96	192
Class and number of shares to be issued upon exercise of share subscription rights	15,000 shares of common stock	25,000 shares of common stock
Paid-in amount of share subscription rights	Payment is not required	Payment is not required
Exercise price of share subscription rights	2,798 yen per share	2,895yen per share
Exercise period of share subscription rights	From April 1, 2024 to March 31, 2027	From April 1, 2025 to March 31, 2028
Conditions for exercise of share subscription rights	<ol style="list-style-type: none"> Persons who are allotted share subscription rights must hold the position of Director, Audit & Supervisory Board Member, Executive Officer, Trustee, Advisor, Business Advisor, employee, rehired employee, part-time employee, or other similar position at the Company or its affiliates at the time of exercising the share subscription rights. Exercise of share subscription rights by the successors of those who have been allotted share subscription rights shall not be permitted. 	<ol style="list-style-type: none"> Persons who are allotted share subscription rights must hold the position of Director, Audit & Supervisory Board Member, Executive Officer, Operating Officer, Trustee, Advisor, Business Advisor, employee, rehired employee, part-time employee, or other similar position at the Company or its affiliates at the time of exercising the share subscription rights. Exercise of share subscription rights by the successors of those who have been allotted share subscription rights shall not be permitted.

Name	Series 13 share subscription rights
Date of resolution to issue	July 28, 2023
Number of holders	Six Directors of the Company (excluding outside directors)
Number of share subscription rights	230
Class and number of shares to be issued upon exercise of share subscription rights	25,000 shares of common stock
Paid-in amount of share subscription rights	Payment is not required
Exercise price of share subscription rights	2,609 yen per share
Exercise period of share subscription rights	From April 1, 2026 to March 31, 2029

Conditions for exercise of share subscription rights	<ol style="list-style-type: none"><li data-bbox="456 185 1426 336">1. Persons who are allotted share subscription rights must hold the position of Director, Audit & Supervisory Board Member, Executive Officer, Operating Officer, Trustee, Advisor, Business Advisor, employee, rehired employee, part-time employee, or other similar position at the Company or its affiliates at the time of exercising the share subscription rights.<li data-bbox="456 336 1426 403">2. Exercise of share subscription rights by the successors of those who have been allotted share subscription rights shall not be permitted.
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(2) Overview of share subscription rights, etc. delivered to the Company's employees and officers of subsidiaries as compensation for the execution of their duties during this business term under review

Not applicable.

4. Matters relating to officers

(1) Directors and Audit & Supervisory Board Members

Position	Name	Responsibilities	Significant concurrent positions held
President and Representative Director	Yasuaki Kaizumi	Chief Technology Officer	
Senior Managing Director	Kazuki Takano	Chief Sales Officer Chief Human Resources Officer Chief American Business Officer	
Managing Director	Keisuke Ueda	Chief Finance Officer Chief Sustainability Officer Chief Electronic Manufacturing Officer Chief Domestic Subsidiary Officer	
Director	Tatsuaki Tomeoka	Chief Automotive Manufacturing Officer Chief SNAP Officer Chief Chinese Business Officer	
Director	Tomohiro Kondo Known as: Tomohiro Ota	Chief Purchasing Officer Chief Tooling Officer Chief Asia Pacific Business Officer	
Director	Masahiko Akimoto	Chief Quality Assurance Officer Chief Compliance Officer Chief European Business Officer Executive General Manager, Quality Division	
Director	Hirokazu Kono		Professor Emeritus, Project Professor, Keio University Outside Director, Audit & Supervisory Committee Member of The Yokohama Rubber Co., Ltd. Vice-President of Japan Business School Education Development Organization
Director	Yozo Takeda		Chairman and Chief Executive Officer of Sanoh Industrial Co., Ltd.
Director	Satoko Suzuki		Professor at Graduate School of Business Administration, Department of International Corporate Strategy, Hitotsubashi University Outside Director (Audit & Supervisory Committee Member) of M3, Inc.
Director	Shoji Hatano		
Audit & Supervisory Board Member (Standing)	Koichi Nagano		
Audit & Supervisory Board Member (Standing)	Satoshi Oki		
Audit & Supervisory Board Member	Mitsuhiro Amitani		Partner of SAH & Co. Outside Audit & Supervisory Board Member of HUB Co., Ltd. Outside Director (Audit & Supervisory Committee Member) of SIGMAXYZ Holdings Inc. Outside Director (Audit & Supervisory Committee Member) of KU HOLDINGS CO., LTD.

Audit & Supervisory Board Member	Koichi Uehira		President of TaxNetwork K.K. Outside Director of STI Food Holdings, Inc.
Audit & Supervisory Board Member	Eri Yokota		Professor at Faculty of Business and Commerce of, Keio University Dean of Keio University Graduate School of Business and Commerce, Keio University Vice-President of Keio University Outside Director of TOLI Corporation

Note 1: Of the Directors, Masakatsu Mori, Hirokazu Kono, Yozo Takeda, Satoko Suzuki, and Shoji Hatano are Outside Directors as defined in Article 2, Item 15 of the Companies Act.

Note 2: Of Audit & Supervisory Board Members, Mitsuhiro Amitani, Koichi Uehira, and Eri Yokota are Outside Audit & Supervisory Board Members as defined in Article 2, Item 16 of the Companies Act.

Note 3: Koichi Uehira is licensed as a certified public accountant and has considerable knowledge of finance and accounting.

Note 4: Satoshi Oki and Masakatsu Mori resigned from the position of Director at the conclusion of the 120th Ordinary General Meeting of Shareholders held on June 25, 2025 due to expiration of their terms of office.

Note 5: Masahiko Akimoto and Shoji Hatano were newly elected and appointed as Directors at the 120th Ordinary General Meeting of Shareholders held on June 25, 2025.

Note 6: Koji Shimoda resigned from the position of Audit & Supervisory Board Member at the conclusion of the 120th Ordinary General Meeting of Shareholders held on June 25, 2025 due to expiration of his term of office.

Note 7: Satoshi Oki was newly elected and appointed as an Audit & Supervisory Board Member at the 120th Ordinary General Meeting of Shareholders held on June 25, 2025.

Note 8: The Company has designated Hirokazu Kono, Yozo Takeda, Satoko Suzuki, and Shoji Hatano who are Outside Directors, and Mitsuhiro Amitani, Koichi Uehira, and Eri Yokota who are Outside Audit & Supervisory Board Members as independent officers as stipulated by the Tokyo Stock Exchange, and has notified the Tokyo Stock Exchange of such designation.

Note 9: There was a change in the responsibilities of Directors during this business term as follows.

Change in Positions (effective April 1, 2026)

Name	Before the change	After the change
Yasuaki Kaizumi	President	Representative Director, President
Kazuki Takano	Senior Managing Director	Director, Senior Managing Executive Officer
Keisuke Ueda	Managing Director	Director
Tatsuaki Tomeoka	Director	Director, Managing Executive Officer
Tomohiro Ota	Director	Director, Managing Executive Officer
Masahiko Akimoto	Director	Director, Managing Executive Officer

Change in Responsibilities (effective April 1, 2026)

Position	Name	Before the change	After the change
Representative Director, President	Yasuaki Kaizumi	Chief Technology Officer	Chief Executive Officer Chief Technology Officer - Executive General Manager, Technology Management Headquarters
Director, Senior Managing Executive Officer	Kazuki Takano	Chief Sales Officer Chief Human Resources Officer Chief American Business Officer	Chief Operating Officer Chief Sales Officer - Executive General Manager, Sales Engineer Management Headquarters

			In charge of American Business
Director	Keisuke Ueda	Chief Financial Officer Chief Sustainability Officer Chief Electronic Manufacturing Officer Chief Domestic Subsidiary Officer	
Director, Managing Executive Officer	Tatsuaki Tomeoka	Chief Automotive Manufacturing Officer Chief SNAP Officer Chief Chinese Business Officer	Chief Manufacturing Officer - Executive General Manager, Production Management Headquarters In charge of SNAP and Chinese Business
Director, Managing Executive Officer	Tomohiro Kondo Known as: Tomohiro Ota	Chief Purchasing Officer Chief Tooling Officer Chief Asia Pacific Business Officer	In charge of Special Assignments, Asia-Pacific and European Business
Director, Managing Executive Officer	Masahiko Akimoto	Chief Quality Assurance Officer Chief Compliance Officer Chief European Business Officer Executive General Manager, Quality Division	Chief Quality Officer

Note 10: Mitsuhiro Amitani resigned from the position of Outside Director of HUB Co., Ltd. effective May 28, 2025.

Note 11: Eri Yokota resigned from the position of Professor at Faculty of Business and Commerce of Keio University effective March 31, 2026, and assumed the position of Professor Emeritus of Keio University on April 1, 2026.

(2) Overview of the contents of directors' and officers' liability insurance contract

The Company has executed with an insurance company a directors' and officers' liability insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The scope of insureds under such insurance contract is Directors and Audit & Supervisory Board Members of the Company and our certain subsidiaries, and all insurance premiums are borne by the Company. The insured bears substantially no insurance premium burden.

Such insurance contract is intended to cover any damages, court costs, and the like incurred by the insured as a result of a claim for damages arising from the execution of duties by the insured. However, the Company has taken measures, such as excluding from the coverage claims for damages arising out of an act which the insured conducted knowing that such act breaches laws or regulations, or damage that does not reach a certain amount, so that the appropriateness of execution of duties by insured officers, etc. will not be impaired.

(3) Compensation, etc. of officers for this business term

(i) Total amount, etc. of compensation, etc. of officers for this business term

Category	Number of persons paid	Amount by type of compensation			Total
		Fixed compensation	Performance-linked compensation	Non-monetary compensation	
Directors (including Outside Directors)	12	254 million yen	220 million yen	89 million yen	564 million yen
Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members)	6	87 million yen	- million yen	- million yen	87 million yen
Total (of the above, for outside officers)	18 (8)	342 million yen (68 million yen)	220 million yen (- million yen)	89 million yen (- million yen)	651 million yen (68 million yen)

Note 1: The above includes 2 Directors and one Audit & Supervisory Board Member who retired at the conclusion of the 120th Ordinary General Meeting of Shareholders held on June 25, 2025.

Note 2: The amount of performance-linked compensation is the amount of expenses recorded during this business term for performance-based bonuses. The calculation method of the amount or number of performance-linked compensation, the performance indicators selected as the basis for the calculation, and the reasons for selecting such performance indicators are as described in “(ii) Matters concerning resolution of the general meeting of shareholders on compensation, etc. of Directors and Audit & Supervisory Board Members” and “(iii) Matters concerning policy, etc. for determination of the details of individual compensation, etc. of Directors and Audit & Supervisory Board Members”. Also, the actual results related to the relevant performance indicators, including this business term, are as stated in “1. (4) Assets and profit (loss) of the corporate group.”

Note 3: The amount of non-monetary compensation is the portion of performance-linked compensation corresponding to the amount of expenses recorded during this business term for restricted stock granted as shareholder value-linked compensation and share subscription rights granted as regular stock options. The details of such restricted stock and the status of their granting are as described in “2. (5) Status of shares delivered to the Company's officers during this business term as compensation for the execution of their duties.” No share subscription rights were delivered to the Company's officers during this business term.

(ii) Matters concerning resolution of the general meeting of shareholders on compensation, etc. of Directors and Audit & Supervisory Board Members

Date of resolution	Resolution details	Number of eligible officers
June 26, 2007 102nd Ordinary General Meeting of Shareholders	The maximum amount of compensation for Directors shall not exceed 900 million yen per year.	10
	The maximum amount of compensation for Audit & Supervisory Board Members shall not exceed 140 million yen per year.	5
June 29, 2010	In addition to the maximum amount of compensation for Directors of 900 million yen per year, the amount of compensation pertaining to share	9

105th Ordinary General Meeting of Shareholders	subscription rights as regular stock options for Directors (excluding Outside Directors) shall not exceed 40 million yen per year.	
June 25, 2025 120th Ordinary General Meeting of Shareholders	Within the scope of maximum amount of compensation for Directors of 900 million yen per year, the annual amount of compensation to grant restricted stock for Directors (excluding Outside Directors) shall not exceed 250 million yen per year, and the period of transfer restrictions shall be 35 years.	6

Note: The number of eligible officers is the number of officers who were subject to those provisions at the time the resolution of the general meeting of shareholders was adopted.

- (iii) Matters concerning policy, etc. for determination of the details of individual compensation, etc. of Directors and Audit & Supervisory Board Members

Basic policy

As described below, the policy for compensation, etc. of Directors and Audit & Supervisory Board Members (“officers”) are determined by the Board of Directors for Directors and by the Audit & Supervisory Board for Audit & Supervisory Board Members, respectively, through consultations with and reports from the Governance Committee, a voluntary committee equivalent to a nomination committee and compensation committee, with the purpose of determining officer compensation, etc. in a fair and appropriate manner.

- The compensation system shall be objective when viewed by stakeholders including shareholders.
- The compensation system shall be partially linked to performance, in order to clarify responsibility for execution of their duties.
- The policy is determined appropriately in light of economic trends, the Company’s business environment, performance, linkage with corporate value over the medium- to long-term, and compensation levels at other companies based on officer compensation survey data collected by external expert organizations, etc.

Overview of the officer compensation system

Officer compensation consists of the following elements. It is calculated using a coefficient set for each element of the system.

	Monetary compensation	Non-monetary compensation
Other compensation	Fixed compensation	None
Performance-linked compensation	Bonus	Shareholder value-linked compensation Regular stock options

- Introduce a restricted stock compensation system for Directors (excluding Outside Directors) as shareholder value-linked compensation, with the purpose of increasing their motivation more than ever before to contribute to increasing stock prices, shareholder value, and corporate value.
- Provide share subscription rights as regular stock options to Directors (excluding Outside Directors) and managers free of charge, in order for them to share the risks and rewards of fluctuations in stock prices with shareholders, and to increase their motivation more than ever before to contribute to increasing stock prices and corporate value.
- Compensation for Outside Directors and Audit & Supervisory Board Members shall be fixed compensation only from the standpoint of ensuring their independence.
- Regarding the time of payment, fixed compensation, will be paid monthly, Other compensation will be paid (allocated) at a certain time.

Policy for determination of compensation for each individual by type of compensation and percentage of total compensation

The Company’s fixed compensation is calculated after comprehensively considering positions, responsibilities, etc.

The Company’s performance-linked compensation (including non-monetary compensation) for

officers is intended to establish fair and appropriate officer compensation, each of which is calculated as follows: (i)shareholder value-linked compensation mainly based on Company's performance, bonus based on net income and the officer bonus calculation coefficient, and (iii) regular stock options mainly based on stock price, and based on the premise that corporate management from a medium- to long-term perspective is important, we, after giving due consideration to the two perspectives of motivating Directors to contribute to the enhancement of corporate value and pursuing the interests of shareholders, decide on the percentage of these two factors in the total.

- (iv) Matters related to the delegation of authority to determine the content of compensation, etc. for individual Directors

The Company's Representative Directors determine the content of individual Directors' compensation based on a resolution of delegation by the Board of Directors.

The name of the person to whom the delegation was made and their positions and responsibilities as of the date of determination of the individual Directors' compensation is as follows.

Name	Position	Responsibilities
Yasuaki Kaizumi	President and Representative Director	Chief Technology Officer

The authority delegated is the authority to determine the amount to be allocated to each Director according to a predefined calculation method, taking into consideration the ratio of fixed compensation, performance-linked compensation, and non-monetary compensation. The reason for delegating such authority is that the Representative Director is best suited to make decisions by having a bird's eye view over the Company's overall performance and taking into consideration of evaluation of each Director's performance of duties.

In addition, as a measure to ensure that the delegated authority is appropriately exercised, the Representative Director has consulted with the Governance Committee, a voluntary committee equivalent to a nomination committee and compensation committee, regarding the content of individual Directors' compensation, etc., and obtained their view for reference, and because the content of individual Directors' compensation, etc. is determined after such procedure, the Board of Directors is certain that the content of such compensation is in line with the Company's decision-making policy.

(4) Matters concerning outside officers

- (i) Relationship between the companies at which outside officers hold significant concurrent positions and the Company

There is no special relationship between the companies at which outside officers hold concurrent positions and the Company.

- (ii) Status of main activities of outside officers

Classification	Name	Main activities
Director	Hirokazu Kono	He attended all 15 meetings of the Board of Directors held during this business term and made comments from a professional perspective based on his experience in business administration specializing in management engineering with the interests of shareholders in mind, thereby contributing to ensuring the objectivity, neutrality, and legal conformity of management. He also makes a wide range of recommendations that contribute to the strengthening of internal controls and the enhancement of corporate value over the medium- to long-term.
Director	Yozo Takeda	He attended all 15 meetings of the Board of Directors held during this business term and made comments from a professional perspective based on his experience from many years as a manager of a company with the interests of shareholders in mind, thereby contributing to ensuring the objectivity, neutrality, and legal conformity of management. He also makes a wide range of recommendations that contribute to the strengthening of internal controls and the enhancement of corporate value over the medium- to long-term.
Director	Satoko Suzuki	She attended all 15 meetings of the Board of Directors held during this business term and made comments from a professional perspective based on her experience in business administration, including B2C with the interests of shareholders in mind, thereby contributing to ensuring the objectivity, neutrality, and legal conformity of management. She also makes a wide range of recommendations that contribute to the strengthening of internal controls and the enhancement of corporate value over the medium- to long-term.
Director	Shoji Hatano	He attended all 11 meetings of the Board of Directors held during this business term after taking office and made comments from a professional perspective based on his experience in planning and promoting corporate management policies and strategies for many years with the interests of shareholders in mind, thereby contributing to ensuring the objectivity, neutrality, and legal conformity of management. He also makes a wide range of recommendations that contribute to the strengthening of internal controls and the enhancement of corporate value over the medium- to long-term.
Audit & Supervisory Board Member	Mitsuhiro Amitani	He attended all 15 meetings of the Board of Directors and all 14 meetings of the Audit & Supervisory Board held during this business term and made comments from a professional perspective based mainly on his experience as a lawyer with the interests of shareholders in mind, thereby contributing to ensuring the objectivity, neutrality, and legal conformity of management. In addition, he fully exercises his auditing functions in accordance with the auditing policies established by the Audit & Supervisory Board.
Audit & Supervisory Board Member	Koichi Uehira	He attended all 15 meetings of the Board of Directors and all 14 meetings of the Audit & Supervisory Board held during this business term and made comments from a professional perspective based mainly on his experience as a certified public accountant with the interests of shareholders in mind, thereby contributing to ensuring the objectivity, neutrality, and legal conformity of management. In addition, he fully exercises his auditing functions in accordance with the auditing policies established by the Audit & Supervisory Board.
Audit & Supervisory Board Member	Eri Yokota	She attended all 15 meetings of the Board of Directors and all 14 meetings of the Audit & Supervisory Board held during this business term and made comments from a professional perspective based mainly on her experience in business administration specializing in managerial accounting with the interests of shareholders in mind, thereby contributing to ensuring the objectivity, neutrality, and legal conformity of management. In addition, she fully exercises her auditing functions in accordance with the auditing policies established by the Audit & Supervisory Board.

(iii) **Overview of the contents of the limited liability contract**

The Company amended its Articles of Incorporation at the 101st Ordinary General Meeting of Shareholders held on June 27, 2006 and established provisions regarding limited liability contracts for Outside Directors and Outside Audit & Supervisory Board Members.

The overview of the limited liability contracts that the Company has entered into with all of the Outside Directors and Outside Audit & Supervisory Board Members pursuant to such Articles of Incorporation is as follows.

Limited liability contract for Outside Directors and Outside Audit & Supervisory Board Members

Outside Directors and Outside Audit & Supervisory Board Members shall, after entering into this contract, with respect to the liability stipulated in Article 423, Paragraph 1 of the Companies Act, be liable for damages up to 5 million yen or the minimum liability amount provided in Article 425, Paragraph 1 of the Companies Act, whichever is higher, if they have executed their duties in good faith and without gross negligence.

(5) **Other important matters concerning the Company's officers**

Not applicable.

5. Matters related to Accounting Auditor

(1) Name of Accounting Auditor

KPMG AZSA LLC

(2) Amount of compensation, etc. for Accounting Auditor

(i) Amount of compensation, etc. for this business term	117 million yen
(ii) Total amount of cash and other economic benefits payable by the Company and its subsidiaries	143 million yen

Note 1: The audit contract between the Company and the Accounting Auditor does not distinguish between audit fees for audits based on the Companies Act and those for audits based on the Financial Instruments and Exchange Act, and it is not practically possible to distinguish between them; therefore, the above amounts are the sum of these amounts.

Note 2: Based on the Practical Guidelines for Cooperation with Accounting Auditors published by the Japan Audit & Supervisory Board Members Association, the Audit & Supervisory Board of the Company has obtained necessary materials and received reports from the Directors, relevant internal departments and the Accounting Auditor, and has confirmed and reviewed the details of the audit plan of the Accounting Auditor, the audit results of the previous term and the basis for calculating the compensation estimate, and as a result the Audit & Supervisory Board has determined that the compensation, etc. of the Accounting Auditor is at a reasonable level to maintain the quality of the audit, and gives its consent as prescribed in Article 399, Paragraph 1 of the Companies Act.

Note 3: Of the Company's significant subsidiaries, Stanley Electric Holding of America, Inc., Stanley Electric do Brasil Ltda. Stanley Electric Manufacturing Mexico S.A. de C.V., Thai Stanley Electric Public Co., Ltd., Tianjin Stanley Electric Technology Co., Ltd. and Stanley Electric (China) Investment Co., Ltd. are audited by auditing firms other than the Company's Accounting Auditor.

(3) Policy on dismissal or non-reelection of Accounting Auditor

The Audit & Supervisory Board will dismiss the Accounting Auditor with the unanimous consent of the Audit & Supervisory Board Members if any of the items of Article 340, Paragraph 1 of the Companies Act applies to the Accounting Auditor and the dismissal is deemed appropriate.

In addition, if there is any obstacle to the execution of duties by the Accounting Auditor, etc., the Company will decide on a proposal for the dismissal or non-reelection of the Accounting Auditor to be submitted to the General Meeting of Shareholders.

Based on such decision, the Board of Directors of the Company will submit such proposal to the General Meeting of Shareholders.

6. Matters related to the development of systems, etc. to ensure the appropriateness of business operations

Overview of the contents of the resolution on the development of systems, etc. to ensure the appropriateness of business operations

(1) System to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation

In order to ensure that the Company's business execution is conducted in an appropriate and sound manner as a whole, the Board of Directors shall strive to establish an effective internal control system and a legal compliance framework for the Company as a whole from the perspective of further strengthening corporate governance.

The Audit & Supervisory Board audits the function and effectiveness of the internal control system.

(2) System for the storage and management of information related to the execution of duties by Directors

Information related to the execution of duties by Directors, minutes of the Board of Directors and other major meetings, internal approval documents, various contracts, and the like shall be recorded and stored in hard copy or electronically by specifying the person responsible for storage, the storage period, and the like in accordance with the "document management rule" and other internal regulations.

Directors and Audit & Supervisory Board Members shall have access to these documents or electromagnetic records at all times.

In order to prevent leakage, loss, or damage to information, and to take measures in the event thereof, an information security system shall be established, and management, operation, and audits shall be conducted in accordance with regulations, etc.

(3) Regulations and other systems for managing risk of loss

The Company shall establish risk management regulations that systematically define risk management, establish a Risk Management Committee, and develop a risk management system under the supervision of a Representative Director.

The Risk Management Committee shall strive to promptly and accurately address the hazards and risks surrounding the company, and shall also establish a system to immediately convey information to Directors and Audit & Supervisory Board Members.

(4) Systems to ensure the efficient execution of duties by Directors

The "Stanley Group Third Long-Term Management Objective" shall be established as the 10-year goals to be achieved toward the "Stanley Group Vision," which comprises the basic values shared by the Company Group, and a three-year-term management plan and Single year management plan shall be established as the medium-term goals of the Stanley Group Vision. The Company will adopt a system to ensure operational efficiency by reviewing the targets each term and feeding those results back into its operations. The Company Group will adopt a headquarters system in each function to clarify "roles and responsibilities" and to accelerate the implementation of strategies as a group structure to achieve the goals.

The Directors of the Company shall be familiar with the Company Group's business and make prompt and appropriate business decisions concerning business management after careful discussion at the Board of Directors meetings in accordance with the Board of Directors regulations.

For deliberation of important matters affecting the entire company, a Management Meeting shall be formed by the principal Directors in order to make careful decisions after multifaceted deliberations prior to submitting the matters to the Board of Directors.

The Company will use these decision-making systems to engage in appropriate and efficient decision-making.

(5) Systems to ensure that the execution of duties by employees complies with laws and regulations

and the Articles of Incorporation

The Company Group has established the “Stanley Group Code of Conduct” as a code to be followed by officers and employees to govern their conduct.

Not limited to laws, internal rules and regulations, and the like, the Stanley Group Code of Conduct covers corporate ethics (social and moral standards required by society to be observed in corporate activities).

In order to make the Stanley Group Code of Conduct effective, the Company shall establish a corporate code of ethics as a framework for corporate ethics and legal compliance, appoint a Director in charge of corporate ethics, form a Corporate Ethics Committee, and appoint the heads of major internal organizations and the presidents of affiliated companies as the corporate ethics management officers.

The Corporate Ethics Committee shall be responsible for responding to cases of legal violations, formulating corporate ethics and legal compliance management policies, verifying the status of corporate ethics and legal compliance, and providing internal education and the like.

As a whistle-blowing system for employees to report violations of laws and regulations, etc., the Company shall establish a Corporate Ethics Improvement Proposal Office at an outside law firm etc. to make suggestions for improvement in corporate ethics. The hotline will protect employees, etc., who report such violations, ascertain the legitimate points and opinions raised by such reports, and take appropriate measures.

The Corporate Ethics Committee shall receive regular and as-needed reports on its activities from the corporate ethics management officers and report to the Board of Directors and the Boards regarding corporate ethics and legal compliance.

(6) Systems to ensure the appropriateness of operations of the corporate group consisting of the Company and its subsidiaries

The Stanley Group Code of Conduct shall be a code that commonly applies throughout the entire the Company Group.

The Corporate Ethics Improvement Proposal Office shall be available to all employees of the Company and its subsidiaries.

The Company shall establish a system that allows subsidiaries to inquire about issues related to laws and regulations, etc. that arise in daily operations to the departments under the jurisdiction of the Company, and use this system to ensure compliance with corporate ethics and laws and regulations at each company.

With regard to events related to corporate ethics and legal compliance that should be taken into consideration across the entire Company Group, the departments in charge at the Company shall provide information, etc. to the subsidiaries and engage in mutual exchange of information.

In order to understand and improve the status of business operations of the Company and its subsidiaries, a Corporate Governance Department shall be established under the direct control of a Representative Director, which department shall of internal audits and report the results to the Representative Director and the Board of Audit & Supervisory Board Members.

The Risk Management Committee shall ensure the continuity and stable development of the business by foreseeing specific risks surrounding the entire Company Group, prescribing measures to prevent losses caused by such risks, and, in the event of a crisis, effectively and efficiently taking measures to ensure safety and minimize losses, including post-processing measures and measures to prevent recurrence. In addition, the Company will ensure the continuity and stable development of its business by taking effective and efficient measures to ensure safety and minimize losses in the event of a crisis.

In transactions between the Company and its subsidiaries, as with transactions with companies outside the Company Group, contract reviews, pricing procedures, and the like shall be conducted in accordance with regulations, etc. with a respect for mutual interests.

The Board of Directors and the Management Meeting shall carefully deliberate and vote on general shareholders' meeting proposals of subsidiaries from the viewpoint of their legality, appropriateness, and efficiency.

The Company shall select a lead Director for each subsidiary from among its Directors, who shall guide and supervise the efficiency and appropriateness of the subsidiaries' business execution, receive reports from the subsidiaries on their business execution status and other important matters, and report to the Board of Directors and other important meetings as necessary.

To strengthen cooperation among Audit & Supervisory Board Members at the Company Group, a liaison meeting for Audit & Supervisory Board Members of affiliated companies shall be held regularly.

The Company Group shall take a resolute stance against antisocial forces and groups, and shall sever all relationships with them. The General Affairs Department shall be in charge of measures in response to antisocial forces and groups, and shall strengthen cooperation with competent police stations and legal advisors to collect information.

(7) Matters concerning employees who assist the duties of Audit & Supervisory Board Members, and matters concerning the independence of such employees from Directors and the ensuring of the effectiveness of instructions to such employees

Some of the employees belonging to the Corporate Governance Department shall be selected to assist the duties of the Audit & Supervisory Board Members and the Audit & Supervisory Board.

In the event of appointment, dismissal, reassignment, or other personnel changes of such employees, or in the event of disciplinary action against such employees, the Company shall consult with the Audit & Supervisory Board Members in advance.

With respect to the duties of employees who are to assist the Audit & Supervisory Board Members and the Audit & Supervisory Board, the Audit & Supervisory Board Members may directly give commands and orders to the employees in charge of such duties.

(8) Systems for reporting to Audit & Supervisory Board Members and systems to ensure that persons making such reports will not be treated unfavorably because of their having made such reports

Directors shall report to Audit & Supervisory Board Members or the Audit & Supervisory Board without delay on (i) matters resolved by the Management Meeting, (ii) matters that may cause significant damage to the Company Group, (iii) matters concerning monthly management conditions, business execution, and financial conditions, (iv) matters concerning internal audit and risk management, (v) matters concerning serious violations of laws and regulations and the Articles of Incorporation, and (vi) other important matters concerning corporate ethics and legal compliance. With respect to matters (ii), (v) and (vi), employees shall report such matters to Audit & Supervisory Board Members or the Audit & Supervisory Board without delay.

Directors, Audit & Supervisory Board Members, employees, etc. of subsidiaries shall report without delay to the Company's Audit & Supervisory Board Members or the Audit & Supervisory Board directly or through the relevant departments of the Company any matters that may cause significant damage to the Company Group, any matters concerning serious violations of laws, regulations, or the Articles of Incorporation, and any other important matters concerning corporate ethics and legal compliance.

The Company shall prohibit any disadvantageous treatment of any person who makes a report to the Audit & Supervisory Board Members or the Audit & Supervisory Board by reason of such report, and shall make such prohibition known to all officers and employees of the Company and its subsidiaries.

(9) Matters concerning procedures for prepayment or reimbursement of expenses incurred in the execution of duties by Audit & Supervisory Board Members and other policies concerning the treatment of expenses or liabilities incurred in the execution of such duties

When an Audit & Supervisory Board Member makes a request for prepayment of expenses, etc. to the Company in connection with the execution of his or her duties, the Company shall promptly process such expenses or liabilities, unless the expenses or liabilities in connection with such request are deemed not necessary for the execution of the Audit & Supervisory Board Member's duties.

(10) Other systems to ensure that audits by Audit & Supervisory Board Members are conducted effectively

The Audit & Supervisory Board shall establish audit policies, audit plans, audit methods, and other matters deemed necessary for the execution of their duties.

In order to audit the implementation of internal controls, the Audit & Supervisory Board may at any time receive reports from the Directors and employees in charge of the Corporate Governance Department, General Affairs Department, Accounting & Finance Department, and other necessary departments.

Auditors shall be able to attend important meetings such as Management Meetings.

The Audit & Supervisory Board shall meet regularly with Representative Directors to exchange opinions on issues to be addressed by the Company, the status of the environment for Audit & Supervisory Board Members' audits, and important auditing issues, and shall make requests as deemed necessary in an effort to deepen mutual understanding with Representative Directors.

The Audit & Supervisory Board shall explain to the Representative Directors and the Board of Directors, as appropriate, the audit policy and plan, as well as the status and results of the audit.

The Audit & Supervisory Board shall meet regularly with the Accounting Auditor and request reports on the status of accounting audits and other matters.

Overview of operation of systems, etc. to ensure proper business operations

The Company is striving to develop and appropriately operate the above systems etc. and others to ensure the appropriateness of business operations.

Regarding compliance, in accordance with the Stanley Group Code of Conduct, the departments in charge conduct compliance-related education as well as training by outside attorneys to ensure penetration of compliance awareness. In addition, as a whistle-blowing system for employees and others to report violations of laws and regulations, the Company has established a Corporate Ethics Improvement Proposal Office at an outside law firm etc. , and appropriate measures are taken while protecting the employees and others who report such violations.

Regarding the storage and management of information, contracts and other documents are properly stored and managed in accordance with the document management rule and other internal regulations, and the minutes of the Board of Directors meetings are properly recorded, prepared, stored and managed.

For risk management, the Company has established a system in which each department of the Company and each company of the Company Group reports risks, and the Company identifies and analyzes risks related to the Company and the Company Group, and takes appropriate action.

The Board of Directors makes decisions on matters stipulated by law and the Articles of Incorporation, as well as important matters concerning management policies and strategies, and monitors and supervises the Directors' execution of their duties. During this business term, the Board of Directors met 15 times.

With respect to the management of subsidiaries, the Director in charge of each subsidiary grasps the business activities of the subsidiary, provides appropriate guidance and supervision, receives reports on the status of business execution by the subsidiary and other important matters, and consults with the Company's Board of Directors and other important meetings as necessary.

In accordance with the auditing standards and audit plan established by the Audit & Supervisory Board, Audit & Supervisory Board Members attend meetings of the Board of Directors and other important meetings, meet regularly with Representative Directors, receive reports from Directors and others on the execution of their duties, request explanations as necessary, inspect important approval documents, etc., and investigate the status of operations and assets at the head office and principal offices. With respect to subsidiaries, the Company requests reports from Directors, etc. of subsidiaries on the status of execution of their duties and examines the status of their operations and assets. The Company also meets regularly with the Accounting Auditor and receives reports on accounting audits and other matters. The Audit & Supervisory Board met 14 times during this business term. As for internal audits, the Corporate Governance Department, an independent and dedicated department, audits the overall operations of the Company Group from the perspective of effectiveness of internal controls, compliance, and other issues.

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