

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Securities Code: 6317

June 7, 2022

**To Shareholders with Voting Rights:**

Yuji Kitagawa  
Representative Director & Chairman  
and President  
**Kitagawa Corporation**  
77-1, Motomachi, Fuchu-shi, Hiroshima,  
Japan

**Notice of the 112th Annual General Meeting of Shareholders**

We cordially announce that the 112th Annual General Meeting of Shareholders of Kitagawa Corporation (the “Company”) will be held as described below.

**In lieu of attending the meeting in person, you may otherwise exercise your voting rights in writing or via the internet. Please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights in accordance with the Guidance for Exercise of Voting Rights (pages 3 and 4) no later than 4:50 p.m. on Thursday, June 23, 2022, Japan time.**

**1. Date and Time:** Friday, June 24, 2022 at 10:00 a.m. Japan time

**2. Place:** 445-1, Motomachi, Fuchu-shi, Hiroshima, Japan  
**Hall of Fuchu Chamber of Commerce and Industry**

**3. Meeting Agenda:**

- Matters to be reported:**
1. Business Report, Consolidated Financial Statements and Accounting Auditors’ and Board of Corporate Auditors’ Reports on Consolidated Financial Statements for the 112th term (from April 1, 2021 until March 31, 2022)
  2. Non-consolidated Financial Statements for the 112th term (from April 1, 2021 until March 31, 2022)

**Proposals to be resolved:**

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Partial Amendments to the Articles of Incorporation
- Proposal 3:** Election of Five (5) Directors (excluding Directors who are Audit and Supervisory Committee Members)
- Proposal 4:** Election of Three (3) Directors who are Audit and Supervisory Committee Members
- Proposal 5:** Election of One (1) Substitute Director who is an Audit and Supervisory Committee Member
- Proposal 6:** Setting of Remuneration Amount for Directors (excluding Directors who are Audit and Supervisory Committee Members)
- Proposal 7:** Setting of Remuneration Amount for Directors who are Audit and Supervisory Committee Members
- Proposal 8:** Determination of Remuneration for Granting Restricted Shares to Directors (excluding Directors who are Audit and Supervisory Committee Members)

- When you attend the meeting, please submit the enclosed **Voting Rights Exercise Form** at the reception desk. Also, please bring this Notice with you as a reference for the meeting.
- In accordance with the applicable laws and regulations and the provisions of Article 16 of the Company's Articles of Incorporation, the following matters are posted on the Company's website on the Internet, and therefore are not provided in this Notice.
  - (i) "Systems for Ensuring the Appropriateness of Operations and Status of Implementation of Those Systems" of the Business Report
  - (ii) Notes to the Consolidated Financial Statements, (iii) Notes to the Non-consolidated Financial Statements
 Accordingly, the appendix of this Notice is part of the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements that have been audited by the Accounting Auditor and the Corporate Auditors in preparing their respective audit reports.
- If any changes are made to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements or the Non-consolidated Financial Statements, it will be posted on the Company's website on the Internet.
- In an effort to prevent the spread of infection, we ask our shareholders to exercise their voting rights in advance in writing or via the internet when possible and refrain from attending this General Meeting of Shareholders
- Shareholders attending the meeting are expected to give careful consideration to other shareholders including bringing and wearing masks as well as practicing proper cough etiquette. In the venue, please use alcohol disinfectant available near the reception. We will check attendees' body temperature using a non-contact thermometer or other medical device around the entrance of the venue. We may limit the entry of shareholders who are found to have a fever and not in good physical condition, as well as those who are refused to cooperate with our measures to prevent infection including wearing masks.
- The number of seats at the venue may be limited in order to provide sufficient space between attendees. Because of this, please note that some of those attending on the day of the meeting may be refused entry to the venue. We would like to ask for your kind understanding in advance.
- Our operating staff will take appropriate measures to check their health conditions including taking body temperature and wearing masks at the venue.
- If there are any additional changes to matters related to the meeting, depending on the COVID-19 situation and/or government announcements up until the date of the meeting, such changes will be announced on the Company's website (<https://www.kiw.co.jp/>). Please check our website for information updates before the date of the meeting.

The Company's website: <https://www.kiw.co.jp>

## Reference Documents for the General Meeting of Shareholders

### Proposal and Reference Matters:

#### Proposal 1: Appropriation of Surplus

The Company regards returning profits to shareholders as one of its business priorities, with a basic policy of continuing to pay stable dividends with a target consolidated dividend payout ratio of 30% while increasing retained earnings for future business expansion and enriched financial strength.

As a result of the examination based on this policy, after comprehensively considering the financial results for the fiscal year under review and the severe business environment, the Company proposes a dividend of 25 Japanese yen per share as below.

Accordingly, the annual dividend for the fiscal year under review will be 50 Japanese yen per share, including the interim dividend paid of 25 Japanese yen.

#### Matters regarding year-end dividend

##### (1) Type of dividend property

Cash

##### (2) Matters regarding the assignment of the dividend property and the total amount

25 Japanese yen per common share of the Company

Total amount: 234,025,525 Japanese yen

##### (3) Date on which appropriation of surplus takes effect

June 27, 2022

#### (Reference) Dividend history

	109th term (April 2018 to March 2019)	110th term (April 2019 to March 2020)	111th term (April 2020 to March 2021)	112th term (April 2020 to March 2021)
Annual dividends per share	90 Japanese yen	100 Japanese yen	20 Japanese yen	50 Japanese yen
Dividend payout ratio (consolidated)	21.9%	56.9%	76.5%	—

Note: Annual dividends per share for the 112th term (fiscal year under review) is the amount assuming that this proposal is approved as originally proposed.

**Proposal 2: Partial Amendments to the Articles of Incorporation**

1. Reasons for amendments

- (1) Transition to a Company with an Audit and Supervisory Committee  
 The Company intends to transition to a Company with an Audit and Supervisory Committee, so as to further strengthen the supervision function of the Board of Directors by appointing Audit and Supervisory Committee Members, whose responsibilities include the auditing of the Directors’ execution of their duties, as members of the Board of Directors and to further enhance corporate governance through the greater strengthening of the supervisory structure. In line with this transition, it is proposed to make the necessary amendments required for the transition to a Company with an Audit and Supervisory Committee, including establishing new provisions concerning Directors who are Audit and Supervisory Committee Members and the Audit and Supervisory Committee, deleting provisions concerning Corporate Auditors and the Board of Corporate Auditors, and establishing new provisions regarding the delegation of decisions on the execution of important operations. It is also proposed that a supplementary provision be established as a transitional measure accompanying the deletion of provisions regarding the exemption of liability of Corporate Auditors.
- (2) Introduction of a System for Electronic Provision of Reference Documents for the General Meeting of Shareholders, etc.  
 The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act for Partial Amendment of the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022. Accordingly, it is proposed to establish new provisions stating that information contained in the reference documents for the general meeting of shareholders will be provided electronically and new provisions to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it, delete the provisions related to the Internet disclosure and deemed provision of the reference documents for the general meeting of shareholders, etc., and establish supplementary provisions regarding the effective date, etc. (proposed Article 16 and Supplementary Provision 2).
- (3) Other  
 It is also proposed to make other necessary amendments such as re-numbering the Articles and making minor changes in wording due to the above establishment and deletion of provisions.

2. Details of amendments

The details of the amendments are as follows.  
 These proposed amendments to the Articles of Incorporation shall take effect at the conclusion of this Annual General Meeting of Shareholders.

(Amendments are underlined.)

Current Articles of Incorporation	Proposed Amendments
CHAPTER I GENERAL PROVISIONS Articles 1-3 (Omitted)	CHAPTER I GENERAL PROVISIONS Articles 1-3 (Unchanged)
(Organizational Bodies) Article 4 The Company shall have the following organizational bodies in addition to the general meeting of shareholders and Directors. 1) Board of Directors 2) <u>Corporate Auditors</u> 3) <u>Board of Corporate Auditors</u> 4) Independent Auditor	(Organizational Bodies) Article 4 The Company shall have the following organizational bodies in addition to the general meeting of shareholders and directors. 1) Board of Directors 2) <u>Audit and Supervisory Committee</u> (Deleted) 3) Independent Auditor
Article 5 (Omitted)	Article 5 (Unchanged)
CHAPTER II Shares Articles 6-12 (Omitted)	CHAPTER II Shares Articles 6-12 (Unchanged)
CHAPTER III General Meeting of Shareholders Articles 13-15 (Omitted)	CHAPTER III General Meeting of Shareholders Articles 13-15 (Unchanged)

Current Articles of Incorporation	Proposed Amendments
<p data-bbox="247 219 826 309"><u>(Internet Disclosure and Deemed Provision of Reference Materials for the General Meeting of Shareholders, Etc.)</u></p> <p data-bbox="247 324 826 772"><u>Article 16 The Company may, when convening a general meeting of shareholders, deem that it has provided information to shareholders pertaining to matters to be described or indicated in the reference documents for the general meeting of shareholders, business report, non-consolidated financial statements, and consolidated financial statements, by disclosing such information through the Internet in accordance with the provisions provided in the Ordinance of the Ministry of Justice.</u></p> <p data-bbox="414 851 654 884">&lt;Newly established&gt;</p> <p data-bbox="247 1339 526 1373">Articles 17-18 (Omitted)</p> <p data-bbox="247 1411 359 1444">(Minutes)</p> <p data-bbox="247 1451 826 1736">Article 19 The minutes of general meetings of shareholders shall be prepared in writing or by electromagnetic recording pursuant to laws and regulations, and the chairman and the Directors and Corporate Auditors present shall sign or affix the name and seal to them or make an electronic signature.</p> <p data-bbox="263 1774 810 1832">CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS</p> <p data-bbox="247 1836 502 1870">(Number of Directors)</p> <p data-bbox="247 1877 494 1910">Article 20 (Omitted)</p> <p data-bbox="422 1915 646 1948">(Newly established)</p>	<p data-bbox="1085 324 1212 358">&lt;Deleted&gt;</p> <p data-bbox="853 810 1324 844"><u>(Measures for Electronic Provision, Etc.)</u></p> <p data-bbox="853 855 1436 1041"><u>Article 16 The Company shall, when convening a general meeting of shareholders, provide information contained in the reference documents for the general meeting of shareholders, etc. electronically.</u></p> <p data-bbox="941 1048 1436 1299">2. <u>Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u></p> <p data-bbox="853 1339 1173 1373">Articles 17-18 (Unchanged)</p> <p data-bbox="853 1411 965 1444">(Minutes)</p> <p data-bbox="853 1451 1436 1702">Article 19 The minutes of general meetings of shareholders shall be prepared in writing or by electromagnetic recording pursuant to laws and regulations, and the chairman and the Directors present shall sign or affix the name and seal to them or make an electronic signature.</p> <p data-bbox="869 1774 1428 1832">CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS</p> <p data-bbox="853 1836 1109 1870">(Number of Directors)</p> <p data-bbox="853 1877 1141 1910">Article 20 (Unchanged)</p> <p data-bbox="941 1915 1436 2038">2. <u>Not more than five (5) of the Directors in the preceding paragraph shall be Directors who are Audit and Supervisory Committee Members.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>(Method of Election)</p> <p>Article 21 Election of Directors shall be conducted at a general meeting of shareholders.</p> <p>2. (Omitted)</p> <p>3. (Omitted)</p> <p>(Newly established)</p>	<p>(Method of Election)</p> <p>Article 21 Election of Directors shall be conducted at a general meeting of shareholders <u>by distinguishing between Directors who are Audit and Supervisory Committee Members and other Directors.</u></p> <p>2. (Unchanged)</p> <p>3. (Unchanged)</p> <p>4. <u>A resolution regarding the preliminary election of substitute Directors who are Audit and Supervisory Committee Members shall hold effect until the commencement of the annual general meeting of shareholders held in respect of the last business year ending within two (2) years of that resolution.</u></p>
<p>(Term of Office)</p> <p>Article 22 The term of office of Directors shall expire at the close of the annual general meeting of shareholders for the business year ending within one (1) year after their election.</p> <p>(Newly established)</p> <p>(Newly established)</p>	<p>(Term of Office)</p> <p>Article 22 The term of office of Directors <u>(excluding Directors who are Audit and Supervisory Committee Members)</u> shall expire at the close of the annual general meeting of shareholders <u>held in respect of the latest business year ending within one (1) year after their election.</u></p> <p>2. <u>The term of office of Directors who are Audit and Supervisory Committee Members shall expire at the close of the annual general meeting of shareholders held in respect of the latest business year ending within two (2) years after their election.</u></p> <p>3. <u>The term of office of a Director who is an Audit and Supervisory Committee Member who has been elected as a substitute shall be until the expiration of the term of office of the retired Director who is an Audit and Supervisory Committee Member expires.</u></p>
<p>(Representative Directors and Directors with title)</p> <p>Article 23 Representative Directors shall be elected by resolution of the Board of Directors.</p>	<p>(Representative Directors and Directors with title)</p> <p>Article 23 Representative Directors shall be elected <u>from among Directors (excluding Directors who are Audit and Supervisory Committee Members)</u> by resolution of the Board of Directors.</p>

Current Articles of Incorporation	Proposed Amendments
<p>2. The Board of Directors may select one (1) Chairman, one (1) Vice Chairman, one (1) President, one (1) Executive Vice President, and a small number of Senior Managing Directors and Managing Directors by resolution.</p> <p>(Persons with the Right to Convene Meetings of the Board of Directors and Chairperson) Article 24 (Omitted)</p> <p>2. (Omitted) (Newly established)</p> <p>(Notice of Convocation of Board of Directors) Article 25 A convocation notice regarding a meeting of the Board of Directors shall be issued to each Director <u>and each Corporate Auditor</u> no later than three (3) days prior to the date of the meeting. Provided, however, that such period may be shortened in the case of urgent necessity.</p> <p>2. If the unanimous consent of all Directors <u>and Corporate Auditors</u> is obtained, meetings of the Board of Directors may be held without following the convocation procedures.</p> <p>(Method of Resolution by Board of Directors, etc.) Article 26 (Omitted)</p> <p>2. With respect to the matters to be resolved by the Board of Directors, the Company shall deem that such matters were approved by a resolution of the Board of Directors when all Directors (limited to <u>those</u> entitled to participate in the resolution of the matter to be resolved) express their agreement in writing or by an electromagnetic device. <u>Provided, however, that this shall not be the case if an objection is made by a Corporate Auditor.</u></p>	<p>2. The Board of Directors may select <u>from among Directors (excluding Directors who are Audit and Supervisory Committee Members)</u> one (1) Chairman, one (1) Vice Chairman, one (1) President, one (1) Executive Vice President, and a small number of Senior Managing Directors and Managing Directors by resolution.</p> <p>(Persons with the Right to Convene Meetings of the Board of Directors and Chairperson) Article 24 (Unchanged)</p> <p>2. (Unchanged)</p> <p>3. <u>Notwithstanding the preceding two paragraphs, an Audit and Supervisory Committee Member selected by the Audit and Supervisory Committee may convene a meeting of the Board of Directors.</u></p> <p>(Notice of Convocation of Board of Directors) Article 25 A convocation notice regarding a meeting of the Board of Directors shall be issued to each Director no later than three (3) days prior to the date of the meeting. Provided, however, that such period may be shortened in the case of urgent necessity.</p> <p>2. If the unanimous consent of all Directors is obtained, meetings of the Board of Directors may be held without following the convocation procedure.</p> <p>(Method of Resolution by Board of Directors, etc.) Article 26 (Unchanged)</p> <p>2. With respect to the matters to be resolved by the Board of Directors, the Company shall deem that such matters were approved by a resolution of the Board of Directors when all Directors (limited to <u>persons</u> entitled to participate in the resolution of the matter to be resolved) express their agreement in writing or by an electromagnetic device.</p>

Current Articles of Incorporation	Proposed Amendments
<p>(Minutes of Meetings of the Board of Directors)</p> <p>Article 27 The minutes of meetings of the Board of Directors shall be prepared in writing or by electromagnetic recording pursuant to laws and regulations, and the <u>Directors and Corporate Auditors</u> present shall sign or affix the name and seal to them or make an electronic signature.</p> <p>2. (Omitted)</p> <p>Article 28 (Omitted)</p> <p>(Remuneration, etc.)</p> <p>Article 29 Directors' remuneration, bonuses, and other economic benefits received from the Company as consideration for the execution of duties (hereinafter, "Remuneration, etc.") shall be determined by resolution of the general meeting of shareholders.</p> <p>(Newly established)</p> <p>(Newly established)</p> <p>Article 30 (Omitted)</p> <p><u>CHAPTER V CORPORATE AUDITORS AND BOARD OF CORPORATE AUDITORS</u> (Number of Corporate Auditors)</p> <p>Article 31 The Company shall have up to five (5) <u>Corporate Auditors</u></p>	<p>(Minutes of Meetings of the Board of Directors)</p> <p>Article 27 The minutes of meetings of the Board of Directors shall be prepared in writing or by electromagnetic recording pursuant to laws and regulations, and the Directors present shall sign or affix the name and seal to them or make an electronic signature.</p> <p>2. (Unchanged)</p> <p>Article 28 (Unchanged)</p> <p>(Remuneration, etc.)</p> <p>Article 29 Directors' remuneration, bonuses, and other economic benefits received from the Company as consideration for the execution of duties (hereinafter "Remuneration, etc.") shall be determined by resolution of the general meeting of shareholders.</p> <p><u>2. Matters provided for in Article 361, Paragraph 1 of the Companies Act must be determined by distinguishing between Directors who are Audit and Supervisory Committee Members and other Directors.</u></p> <p><u>(Delegation of Decisions Regarding Execution of Important Business Operations)</u></p> <p>Article 30 Pursuant to Article 399-13, Paragraph 6 of the Companies Act, the Company may delegate all or part of the decisions regarding the execution of important business operations (excluding the matters set forth in each item of Paragraph 5 of the same) to Directors by resolution of the Board of Directors.</p> <p>Article 31 (Unchanged)</p> <p><u>CHAPTER V AUDIT AND SUPERVISORY COMMITTEE</u></p> <p>&lt;Deleted&gt;</p>



Current Articles of Incorporation	Proposed Amendments
<p><u>(Method of Election)</u>  <u>Article 32 Corporate Auditors shall be elected at a general meeting of shareholders.</u>  <u>2. A resolution for the election of a Corporate Auditor must be made by a majority of the voting rights of shareholders present holding not less than one third of the voting rights of shareholders entitled to exercise voting rights.</u></p>	<p>&lt;Deleted&gt;</p>
<p><u>(Term of Office)</u>  <u>Article 33 The term of office of Corporate Auditors shall expire at the close of the annual general meeting of shareholders held in respect of the latest business year ending within four (4) years after their election.</u>  <u>2. The term of office of a Corporate Auditor elected as a substitute for a Corporate Auditor who has retired prior to the expiration of his or her term of office shall be until the term of office of the retired Corporate Auditor expires.</u></p>	<p>&lt;Deleted&gt;</p>
<p><u>(Standing Corporate Auditors)</u>  <u>Article 34 The Board of Corporate Auditors may select Standing Corporate Auditors by resolution.</u></p>	<p><u>(Standing Audit and Supervisory Committee Members)</u>  <u>Article 32 The Audit and Supervisory Committee may select Standing Audit and Supervisory Committee Members from among the Audit and Supervisory Committee Members by resolution.</u></p>
<p><u>(Convocation of Meetings of the Board of Corporate Auditors)</u>  <u>Article 35 A convocation notice regarding a meeting of the Board of Corporate Auditors shall be issued to each of Corporate Auditors no later than three (3) days prior to the date of the meeting.</u>  <u>Provided, however, that such period may be shortened in the case of urgent necessity.</u>  <u>2. If the unanimous consent of all Corporate Auditors is obtained, meetings of the Board of Corporate Auditors may be held without following the convocation procedures.</u></p>	<p><u>(Convocation of Meetings of the Audit and Supervisory Committee)</u>  <u>Article 33 A convocation notice regarding a meeting of the Audit and Supervisory Committee shall be issued to each of Audit and Supervisory Committee Members no later than three (3) days prior to the date of the meeting.</u>  <u>Provided, however, that such period may be shortened in the case of urgent necessity.</u>  <u>2. If the unanimous consent of all Audit and Supervisory Committee Members is obtained, meetings of the Audit and Supervisory Committee may be held without following the convocation procedures.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>(Method of Resolution by <u>Board of Corporate Auditors</u>)  Article 36 <u>Unless otherwise provided for by law or regulation, resolutions of a meeting of the Board of Corporate Auditors shall be adopted by an affirmative vote of a majority of the Corporate Auditors.</u></p>	<p>(Method of Resolution by <u>Audit and Supervisory Committee</u>)  Article 34 Resolutions of a meeting of the Audit and Supervisory Committee shall be adopted by an affirmative vote of a majority of the <u>Audit and Supervisory Committee Members present who constitute in number a majority of the Audit and Supervisory Committee Members who are entitled to participate in the resolution of the matter to be resolved.</u></p>
<p>(Minutes of Meetings of the <u>Board of Corporate Auditors</u>)  Article 37 <u>The minutes of meetings of the Board of Corporate Auditors shall be prepared in writing or by electromagnetic recording pursuant to laws and regulations, and the Corporate Auditors present shall sign or affix the name and seal to them or make an electronic signature.</u></p>	<p>(Minutes of Meetings of the <u>Audit and Supervisory Committee</u>)  Article 35 <u>The minutes of meetings of the Audit and Supervisory Committee shall be prepared in writing or by electromagnetic recording pursuant to laws and regulations, and the Audit and Supervisory Committee Members present shall sign or affix the name and seal to them or make an electronic signature.</u></p>
<p>(Regulations of the <u>Board of Corporate Auditors</u>)  Article 38 <u>In addition to laws and regulations and these Articles of Incorporation, matters concerning the Board of Corporate Auditors shall be governed by the Regulations of the Board of Corporate Auditors set forth by the Board of Corporate Auditors.</u></p>	<p>(Regulations of the <u>Audit and Supervisory Committee</u>)  Article 36 <u>In addition to laws and regulations and these Articles of Incorporation, matters concerning the Audit and Supervisory Committee shall be governed by the Regulations of the Audit and Supervisory Committee set forth by the Audit and Supervisory Committee.</u></p>
<p>(<u>Remuneration, etc.</u>)  Article 39 <u>Corporate Auditors' remuneration, etc. shall be determined by resolution of the general meeting of shareholders</u></p>	<p>&lt;Deleted&gt;</p>
<p>(<u>Exemption of liability of Corporate Auditors</u>)  Article 40 <u>Pursuant to Article 426, Paragraph 1 of the Companies Act, the Company may, by resolution of the Board of Directors, exempt Corporate Auditors (including persons who were Corporate Auditors) from liability for damage due to negligence in the performance of their duties up to the limit stipulated by laws and regulations.</u></p>	<p>&lt;Deleted&gt;</p>

Current Articles of Incorporation	Proposed Amendments
<p data-bbox="343 217 829 504"><u>2. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company may enter into a contract with Corporate Auditors to apply a limit to liability for damage due to negligence in the performance of their duties. Provided, however, that the limit of liability under said contract shall be the amount stipulated by laws and regulations.</u></p> <p data-bbox="247 537 702 616">CHAPTER VI ACCOUNTS Articles <del>41-44</del> (Omitted)</p> <p data-bbox="414 649 662 683">&lt;Newly established&gt;</p> <p data-bbox="414 761 662 795">&lt;Newly established&gt;</p> <p data-bbox="414 1310 662 1344">&lt;Newly established&gt;</p>	<p data-bbox="1077 217 1204 246">&lt;Deleted&gt;</p> <p data-bbox="853 537 1308 616">CHAPTER VI ACCOUNTS Articles <del>37-40</del> (Unchanged)</p> <p data-bbox="933 649 1348 683"><u>SUPPLEMENTARY PROVISIONS</u></p> <p data-bbox="853 694 1436 761"><u>(Transitional Measure Regarding the Exemption of Liability of Corporate Auditors.)</u></p> <p data-bbox="853 761 1436 1209"><u>Article 1 Exemption of liability and contracts concluded with Corporate Auditors to limit liability pursuant to Article 423, Paragraph 1 of the Companies Act relating to the actions of Corporate Auditors (including persons who were Corporate Auditors) prior to the conclusion of the 112th Annual General Meeting of Shareholders shall be governed by the provisions of Article 40 of the Articles of Incorporation prior to the amendment in association with the conclusion of that Annual General Meeting of Shareholders.</u></p> <p data-bbox="853 1243 1404 1310"><u>(Transitional Measures Regarding Measures for Electronic Provision, Etc.)</u></p> <p data-bbox="853 1310 1436 1590"><u>Article 2 The amendment of Article 16 of the Articles of Incorporation shall come into effect on September 1, 2022, which is the date of enforcement of the amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (the “Effective Date”).</u></p> <p data-bbox="933 1590 1436 1848"><u>2. Notwithstanding the provisions of the preceding paragraph, Article 16 (Measures for Electronic Provision, Etc.) of the Articles of Incorporation shall remain in force with respect to a general meeting of shareholders to be held on a date within six (6) months from the Effective Date.</u></p> <p data-bbox="933 1848 1436 2038"><u>3. This article shall be deleted after the lapse of six (6) months from the Effective Date or the lapse of three (3) months from the date of the general meeting of shareholders set forth in the preceding paragraph, whichever is later.</u></p>

**Proposal 3:** Election of Five (5) Directors (excluding Directors who are Audit and Supervisory Committee Members)

If Proposal 2: Partial Amendments to Articles of Incorporation is approved and resolved as proposed, the Company will transition to a Company with an Audit and Supervisory Committee.

Among the twelve (12) Directors appointed at the 111th Annual General Meeting of Shareholders, Mr. Toshikatsu Hatashima resigned from the office of Director on March 31, 2022 and the terms of office of all eleven (11) incumbent Directors will expire when the amendments to the Articles of Incorporation come into effect. Accordingly, the election of five (5) Directors (excluding Directors who are Audit and Supervisory Committee Members), including two (2) Outside Directors, is proposed.

The resolution of this proposal will take effect subject to the taking effect of the amendments to the Articles of Incorporation stated in Proposal 2: Partial Amendments to the Articles of Incorporation.

The candidates for Director are as follows:

No.	Name	Current positions and responsibilities at the Company	Attendance at the Board of Directors
1	Yuji Kitagawa Reappointment Male	Representative Director & Chairman and President, General Manager of Development Division	15/15 (100%)
2	Hiroshi Kitagawa Reappointment Male	Representative Director & Vice Chairman, General Manager of Business Management Division	15/15 (100%)
3	Hiroo Monden Reappointment Male	Director & Executive Officer, General Manager of Accounting Department, Business Management Division	12/12 (100%)
4	Masatoshi Uchida Reappointment Outside Independent Male	Director	15/15 (100%)
5	Misako Nishikawa Reappointment Outside Independent Female	Director	12/12 (100%)

Note: The attendance records of Mr. Hiroo Monden and Ms. Misako Nishikawa since their appointment as Directors on June 18, 2021 are stated.

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company and significant concurrent positions	Number of shares of the Company held
1	<p><b>Yuji Kitagawa</b> (April 1, 1957)</p> <p><u>Reappointment</u> <u>Male</u></p> <p>Attendance at Board of Directors meeting: 15/15 meetings (100%)</p>	<p>Sep. 1983      Joined the Company</p> <p>Jun. 1991      Director</p> <p>Apr. 1995      Managing Director</p> <p>Apr. 1997      Senior Managing Director</p> <p>Apr. 1999      Representative Senior Managing Director</p> <p>Apr. 2001      Representative Director &amp; President</p> <p>Apr. 2016      Representative Director &amp; President, General Manager of Machine Tool Accessories Division</p> <p>Apr. 2018      Representative Director &amp; Chairman and President</p> <p>Apr. 2022      Representative Director &amp; Chairman and President, General Manager of Development Division (to present)</p> <p>(Significant concurrent positions)</p> <p>Representative Director &amp; President of KITAGAWA REIKI CO., LTD.</p> <p>Representative Director &amp; Chairman of KITAGAWA MACHINERY CORPORATION</p> <p>Representative Director &amp; Chairman of Cable Joy CO., LTD.</p> <p>Chairman of the Fuchu Chamber of Commerce and Industry</p>	132,678
<p><b>[Reason for nomination as a candidate for Director]</b> Since joining the Company, Mr. Yuji Kitagawa has held important positions at the Company. He is currently Representative Director &amp; Chairman and President and General Manager of Development Division and has led the Group with his strong leadership, and has abundant experience at the Company, expertise in overall management in the manufacturing industry, and knowledge about global business management and operation. The Company therefore renominates him as a candidate for Director.</p>			
2	<p><b>Hiroshi Kitagawa</b> (December 12, 1958)</p> <p><u>Reappointment</u> <u>Male</u></p> <p>Attendance at Board of Directors meeting: 15/15 meetings (100%)</p>	<p>Apr. 1981      Joined the Company</p> <p>Jun. 1993      Director</p> <p>Apr. 1997      Managing Director</p> <p>Apr. 2001      Representative Senior Managing Director</p> <p>Apr. 2009      Representative Director, Vice President &amp; Executive Officer, General Manager of Tokyo Sales Division</p> <p>Apr. 2010      Representative Director &amp; Vice President</p> <p>Jun. 2012      Representative Director &amp; Vice President</p> <p>                    Seconded as Representative Director &amp; President of KITAGAWA MEXICO, S.A. DE C.V.</p> <p>Apr. 2015      Representative Director &amp; Vice President, General Manager of Synthetic Materials Division</p> <p>                    Seconded as Representative Director &amp; President of KITAGAWA MEXICO, S.A. DE C.V.</p> <p>Apr. 2017      Representative Director &amp; Vice President, General Manager of Synthetic Materials Division</p> <p>Apr. 2018      Representative Director &amp; Vice Chairman, President of Kitagawa Material Technology Company</p> <p>Apr. 2021      Representative Director &amp; Vice Chairman, General Manager of Business Management Division (to present)</p> <p>(Significant concurrent positions)</p> <p>None</p>	16,319
<p><b>[Reason for nomination as a candidate for Director]</b> Since joining the Company, Mr. Hiroshi Kitagawa has held important positions as President of Kitagawa Material Technology Company and President of the Thai and Mexican subsidiaries. He is currently serving as Representative Director &amp; Vice Chairman, General Manager of Business Management Division and has abundant experience at the Company, expertise in overall management in the manufacturing industry, and knowledge about global business management and operation. The Company therefore renominates him as a candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company and significant concurrent positions	Number of shares of the Company held
3	<p><b>Hiroo Monden</b> (July 4, 1955)</p> <p><u>Reappointment</u> <u>Male</u></p> <p>Attendance at Board of Directors meeting: 12/12 meetings (100%)</p>	<p>Apr. 1978      Joined The Daiei, Inc.</p> <p>Apr. 1997      General Manager of Financial Planning Department, Financial Division</p> <p>Apr. 2006      General Manager of Administrative Division</p> <p>Apr. 2008      Joined the Company as Deputy General Manager of Business Management Division</p> <p>Apr. 2009      General Manager of General Affairs Department, Business Management Division</p> <p>Apr. 2012      Executive Officer, General Manager of Accounting Department, Business Management Division</p> <p>Apr. 2018      Executive Officer, Vice President of Kitagawa Material Technology Company</p> <p>Apr. 2020      Executive Officer, General Manager of Accounting Department, Business Management Division</p> <p>Jun. 2021      Director &amp; Executive Officer, General Manager of Accounting Department, Business Management Division (to present)</p> <p>(Significant concurrent positions) None</p>	4,581
<p><b>[Reason for nomination as a candidate for Director]</b></p> <p>Leveraging the abundant experience and broad knowledge gained in the retail finance sector, Mr. Hiroo Monden had served as General Manager of General Affairs Department, General Manager of Accounting Department and Vice President of Kitagawa Material Technology Company since he joined the Company. He is currently serving as General Manager of Accounting Department and has abundant experience at the Company, expertise in overall management in the manufacturing industry, and knowledge about business management and operation. The Company therefore renominates him as a new candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company and significant concurrent positions	Number of shares of the Company held
4	<p><b>Masatoshi Uchida</b> (October 27, 1963)</p> <p>Reappointment Male Outside Independent</p> <p>Attendance at Board of Directors meeting: 15/15 meetings (100%)</p> <p>Term of office as Outside Director: 3 years (at the conclusion of this General Meeting of Shareholders)</p>	<p>Apr. 1989      Joined Mazda Motor Corporation</p> <p>Apr. 1997      Joined KITAGAWA SEIKI CO., LTD.</p> <p>Jul. 1999      Representative Senior Managing Director</p> <p>Sep. 2007      Tentative Corporate Auditor of the Company</p> <p>Jun. 2008      Corporate Auditor (resigned in June 2019)</p> <p>Jul. 2016      Representative Director &amp; President of KITAGAWA SEIKI CO., LTD. (to present)</p> <p>Jun. 2019      Director of the Company (to present)</p> <p>(Significant concurrent positions) Representative Director &amp; President of KITAGAWA SEIKI CO., LTD.</p>	1,085
<p><b>[Reason for nomination as a candidate for Outside Director and outline of expected roles]</b> Mr. Masatoshi Uchida has abundant experience and knowledge gained through corporate management. He has presented advice and suggestions to the management team from an objective and neutral point of view, and the Company expects that he will contribute to the enhancement of the Company's corporate value. He is judged to be capable of contributing to strengthening the efficiency of the Board of Directors' decision-making and supervisory functions from a standpoint independent from the management team. The Company therefore renominates him as a candidate for Outside Director.</p> <p><b>[Matters regarding independence]</b> Since he satisfies the Company's independence criteria, the Company believes that he has independence. He serves as Representative Director &amp; President of KITAGAWA SEIKI CO., LTD. Although the Company purchases products, etc. from said company, the transaction amount is less than 2% of the annual average net sales of the most recent three business years of said company. Therefore, the Company judges that the amount does not affect the Company's independence criteria.</p>			

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company and significant concurrent positions	Number of shares of the Company held
5	<p><b>Misako Nishikawa</b> (October 11, 1967)</p> <p>Reappointment Female Outside Independent</p> <p>Attendance at Board of Directors meeting: 12/12 meetings (100%)</p> <p>Term of office as Outside Director: 1 year (at the conclusion of this General Meeting of Shareholders)</p>	<p>Jun. 1994      Joined Chugoku Productivity Center</p> <p>Feb. 2016      General Manager (to present)</p> <p>Jun. 2021      Director of the Company (to present)</p> <p>(Significant concurrent positions)</p> <p>None</p>	57
<p><b>[Reason for nomination as a candidate for Outside Director and outline of expected roles]</b></p> <p>Ms. Misako Nishikawa has conducted thorough research on human resource development and organizational revitalization at Chugoku Productivity Center and is currently engaged as an expert advisor of organizational revitalization in the human resource development and quality management field. For this reason, the Company expects that she will present advice and suggestions to the management team from an objective and neutral viewpoint and contribute to the enhancement of the Company's management quality even though she does not have prior experience of direct involvement in corporate management. She is judged to be capable of contributing to strengthening the efficiency of the Board of Directors' decision-making and supervisory functions from a standpoint independent from the management team. The Company therefore renominates her as a new candidate for Outside Director.</p> <p><b>[Matters regarding independence]</b></p> <p>Since she satisfies the Company's independence criteria, the Company believes that she has independence. She executes business at Chugoku Productivity Center. Although the Company is a member of the Chugoku Management Quality Council at the Center, where newly appointed managers of the Company attend management quality programs every year, the transaction amount is less than 2% of the annual average net sales of the most recent three business years of the Center. Therefore, the Company judges that the amount does not affect the Company's independence criteria.</p>			

- Notes:
1. There are no special interests between each candidate and the Company.
  2. The numbers of shares in the Company held by each candidate are as of March 31, 2022. They include shares indirectly held through the Directors' shareholding association and the employee shareholding association (any fraction less than one share has been rounded down).
  3. Mr. Masatoshi Uchida and Ms. Misako Nishikawa are candidates for Outside Directors.  
The Company has registered Mr. Masatoshi Uchida and Ms. Misako Nishikawa as Independent Directors with the Tokyo Stock Exchange in accordance with the rules of said Exchange. If the reelection of these two candidates is approved, the Company plans to continue to appoint them as Independent Directors.
  4. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has concluded an agreement with Mr. Masatoshi Uchida and Ms. Misako Nishikawa to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability pursuant to said agreement is the amount provided for in Article 425, Paragraph 1 of the Companies Act. If the reelection of Mr. Masatoshi Uchida and Ms. Misako Nishikawa is approved, the Company plans to continue said agreement with them.
  5. The Company has concluded a directors and officers liability insurance agreement provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to cover damages to be borne by the insured that may arise from the insured directors and officers assuming liability in connection with the execution of their duties or through receiving claims pertaining to the pursuit of such liability; provided, however, there are certain exemptions. For example, any damage caused as a result of knowingly engaging in conduct that is in violation of laws and regulations shall not be covered. Candidates that are elected to assume the office of Director will be insured under said agreement. The Company plans to renew said agreement under the same terms and conditions at the time of the next renewal.



**Proposal 4:** Election of Three (3) Directors who are Audit and Supervisory Committee Members

If Proposal 2: Partial Amendments to Articles of Incorporation is approved and resolved as proposed, the Company will transition to a Company with an Audit and Supervisory Committee. Accordingly, the election of three (3) Directors who are Audit and Supervisory Committee Members is proposed.

The nomination of the candidates for Directors who are Audit and Supervisory Committee Members has been subject to deliberation in the Board of Outside Officers. The Board of Corporate Auditors has also given its consent for the submission of this proposal.

The resolution of this proposal will take effect subject to the taking effect of the amendments to the Articles of Incorporation stated in Proposal 2: Partial Amendments to the Articles of Incorporation.

The candidates for Directors who are Audit and Supervisory Committee Members are as follows:

No.	Name	Current positions at the Company	Attendance at the Board of Directors
1	Takeshi Nogami New appointment Outside Independent Male	Standing Corporate Auditor	15/15 (100%)
2	Junji Kaihara New appointment Outside Independent Male	Corporate Auditor	13/15 (87%)
3	Kosuke Taira New appointment Outside Independent Male	Corporate Auditor	15/15 (100%)

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company and significant concurrent positions	Number of shares of the Company held
1	<p><b>Takeshi Nogami</b> (December 23, 1964)</p> <p><b>New appointment</b></p> <p><b>Male</b></p> <p><b>Outside</b></p> <p><b>Independent</b></p> <p>Attendance at Board of Directors meeting: 15/15 meetings (100%)</p> <p>Term of office as Outside Corporate Auditor: 2 years (at the conclusion of this General Meeting of Shareholders)</p>	<p>Apr. 1987      Joined The Hiroshima Bank, Ltd.</p> <p>Apr. 2015      General Manager in charge of Eastern Area Headquarters</p> <p>Apr. 2017      General Manager of Banking Business Planning Division</p> <p>Apr. 2018      General Manager of Retail Loan Division</p> <p>Apr. 2020      Belonging to Personnel &amp; General Affairs Division</p> <p>Jun. 2020      Standing Corporate Auditor of the Company (to present)</p> <p>(Significant concurrent positions)</p> <p>None</p>	417
<p><b>[Reason for nomination as a candidate for Outside Director who is an Audit and Supervisory Committee Member and outline of expected roles]</b></p> <p>Mr. Takeshi Nogami has abundant experience cultivated at a financial institution and considerable knowledge of finance and accounting, and, as Standing Outside Corporate Auditor of the Company, he has played an important role in ensuring the legality and validity of the Board of Directors' decision-making. He is judged to be capable of executing his duties appropriately as an Audit and Supervisory Committee Member who audits and supervises management from an objective standpoint. The Company therefore nominates him as a new candidate for Outside Director who is an Audit and Supervisory Committee Member. The Company expects that, after his election, he will take advantage of his experience and knowledge to conduct proper and beneficial audits.</p> <p><b>[Matters regarding independence]</b></p> <p>Since he satisfies the Company's independence criteria, the Company believes that he has independence. He was an executive of The Hiroshima Bank, Ltd. Although the said bank is the Company's main bank, the transaction amount does not affect his independence. In addition, the said bank owns only 4.6% of the total outstanding shares of the Company. Therefore, the intention of the said bank does not affect the Company, as well as to his independence.</p>			

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company and significant concurrent positions	Number of shares of the Company held
2	<p><b>Junji Kaihara</b> (August 11, 1949)</p> <p><b>New appointment</b></p> <p><b>Male</b></p> <p><b>Outside</b></p> <p><b>Independent</b></p> <p>Attendance at Board of Directors meeting: 13/15 meetings (87%)</p> <p>Term of office as Outside Corporate Auditor: 4 years (at the conclusion of this General Meeting of Shareholders)</p>	<p>Jul. 1974      Joined Kaihara Textile Mills Ltd. (currently Kaihara Corporation)</p> <p>Sep. 1991      Director &amp; Vice President</p> <p>Apr. 2003      Representative Director &amp; President</p> <p>May 2014      Representative Director &amp; Vice Chairman (to present)</p> <p>Jun. 2018      Corporate Auditor of the Company (to present)</p> <p>(Significant concurrent positions) Representative Director &amp; Vice Chairman of Kaihara Corporation</p>	255
<p><b>[Reason for nomination as a candidate for Outside Director who is an Audit and Supervisory Committee Member and outline of expected roles]</b></p> <p>Mr. Junji Kaihara has abundant experience and knowledge cultivated in corporate management, and, as an Outside Corporate Auditor of the Company, he has played an important role in ensuring the legality and validity of the Board of Directors' decision-making. He is judged to be capable of executing his duties appropriately as an Audit and Supervisory Committee Member who audits and supervises management from an objective standpoint. The Company therefore nominates him as a new candidate for Outside Director who is an Audit and Supervisory Committee Member. The Company expects that, after his election, he will take advantage of his experience and knowledge to conduct proper and beneficial audits.</p> <p><b>[Matters regarding independence]</b></p> <p>Since he satisfies the Company's independence criteria, the Company believes that he has independence. He is serving as Representative Director &amp; Vice Chairman of Kaihara Corporation. The Company does not have business relationship with the said company.</p>			

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company and significant concurrent positions	Number of shares of the Company held
3	<p><b>Kosuke Taira</b> (June 6, 1954)</p> <p>New appointment Male Outside Independent</p> <p>Attendance at Board of Directors meeting: 15/15 meetings (100%)</p> <p>Term of office as Outside Corporate Auditor: 3 years (at the conclusion of this General Meeting of Shareholders)</p>	<p>Mar. 1985 Graduated from the Matsushita Institute of Government and Management</p> <p>Apr. 1986 Member of Hiroshima Prefectural Assembly</p> <p>Jan. 1987 Director of KURODARUMA CO., LTD. (to present)</p> <p>Jul. 1997 Audit Committee Member, Hiroshima Prefecture</p> <p>Mar. 2008 Board Chairman and President of Hiroshima Prefectural School Lunch Association</p> <p>Apr. 2013 Board Chairman of Hiroshima Prefectural School Lunch Association (to present)</p> <p>Jun. 2019 Corporate Auditor of the Company (to present) (Significant concurrent positions) Board Chairman of Hiroshima Prefectural School Lunch Association</p>	198
<p><b>[Reason for nomination as a candidate for Outside Director who is an Audit and Supervisory Committee Member and outline of expected roles]</b></p> <p>Mr. Kosuke Taira has abundant operational experience and knowledge cultivated in corporate management and important positions at various organizations, and, as an Outside Corporate Auditor of the Company, he has played an important role in ensuring the legality and validity of the Board of Directors' decision-making. He is judged to be capable of executing his duties appropriately as an Audit and Supervisory Committee Member who audits and supervises management from an objective standpoint. The Company therefore nominates him as a new candidate for Outside Director who is an Audit and Supervisory Committee Member. The Company expects that, after his election, he will take advantage of his experience and knowledge to conduct proper and beneficial audits.</p> <p><b>[Matters regarding independence]</b></p> <p>Since he satisfies the Company's independence criteria, the Company believes that he has independence. He is serving as Director of KURODARUMA CO., LTD. and Board Chairman of Hiroshima Prefectural School Lunch Association. The Company does not have business relationship with the said company and association.</p>			

- Notes:
1. There are no special interests between each candidate and the Company.
  2. The numbers of shares in the Company held by each candidate through the Directors' shareholding association are as of March 31, 2022 (any fraction less than one share has been rounded down).
  3. Messrs. Takeshi Nogami, Junji Kaihara, and Kosuke Taira are candidates for Outside Directors.  
The Company has designated Messrs. Takeshi Nogami, Junji Kaihara, and Kosuke Taira as Independent Corporate Auditors and registered them with the Tokyo Stock Exchange in accordance with the rules of said Exchange.
  4. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has concluded an agreement with Messrs. Takeshi Nogami, Junji Kaihara, and Kosuke Taira to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability pursuant to said agreement is the amount provided for in Article 425, Paragraph 1 of the Companies Act. If the election of Messrs. Takeshi Nogami, Junji Kaihara, and Kosuke Taira is approved, the Company plans to continue said agreement with them.
  5. The Company has concluded a directors and officers liability insurance agreement provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to cover damages to be borne by the insured that may arise from the insured directors and officers assuming liability in connection with the execution of their duties or through receiving claims pertaining to the pursuit of such liability; provided, however, there are certain exemptions. For example, any damage caused as a result of knowingly engaging in conduct that is in violation of laws and regulations shall not be covered. Candidates that are elected to assume the office of Director will be insured under said agreement. The Company plans to renew said agreement under the same terms and conditions at the time of the next renewal.

**Proposal 5:** Election of One (1) Substitute Director who is an Audit and Supervisory Committee Member

If Proposal 2: Partial Amendments to Articles of Incorporation is approved and resolved as proposed, the Company will transition to a Company with an Audit and Supervisory Committee. Accordingly, the election of one (1) substitute Director who is an Audit and Supervisory Committee Member is proposed to provide for the case where the number of incumbent Directors who are Audit and Supervisory Committee Members falls below the number stipulated in laws and regulations.

The nomination of the candidate for substitute Director who is an Audit and Supervisory Committee Member has been subject to deliberation in the Board of Outside Officers. The Board of Corporate Auditors has also given its consent for the submission of this proposal.

The resolution of this proposal will take effect subject to the taking effect of the amendments to the Articles of Incorporation stated in Proposal 2: Partial Amendments to the Articles of Incorporation.

The candidate for substitute Director who is an Audit and Supervisory Committee Member is as follows:

Name (Date of birth)	Past experience, positions and responsibilities at the Company and significant concurrent positions	Number of shares of the Company held
<p><b>Masatoshi Uchida</b> (October 27, 1963)</p> <p style="text-align: center;">Male Outside Independent</p> <p>Attendance at Board of Directors meeting: 15/15 meetings (100%)</p> <p>Term of office as Outside Director: 3 years (at the conclusion of this General Meeting of Shareholders)</p>	<p>Apr. 1989      Joined Mazda Motor Corporation</p> <p>Apr. 1997      Joined KITAGAWA SEIKI CO., LTD.</p> <p>Jul. 1999      Representative Senior Managing Director</p> <p>Sep. 2007      Tentative Corporate Auditor of the Company</p> <p>Jun. 2008      Corporate Auditor (resigned in June 2019)</p> <p>Jul. 2016      Representative Director &amp; President of KITAGAWA SEIKI CO., LTD. (to present)</p> <p>Jun. 2019      Director of the Company (to present)</p> <p>(Significant concurrent positions)</p> <p>Representative Director &amp; President of KITAGAWA SEIKI CO., LTD.</p>	1,085
<p><b>[Reason for nomination as a candidate for substitute Outside Director who is an Audit and Supervisory Committee Member and outline of expected roles]</b></p> <p>Mr. Masatoshi Uchida has abundant experience and knowledge gained through corporate management. He has presented advice and suggestions to the management team from an objective and neutral point of view as an Outside Director. He has served as an Outside Corporate Auditor of the Company in the past, and he is judged to be capable of contributing to strengthening the efficiency of the Board of Directors' decision-making and supervisory functions from a standpoint independent from the management team. The Company therefore nominates him as a candidate for substitute Outside Director who is an Audit and Supervisory Committee Member. The Company expects that, after his election, he will take advantage of his experience and knowledge to conduct proper and beneficial audits.</p> <p><b>[Matters regarding independence]</b></p> <p>Since he satisfies the Company's independence criteria, the Company believes that he has independence. He serves as Representative Director &amp; President of KITAGAWA SEIKI CO., LTD. Although the Company purchases products, etc. from said company, the transaction amount is less than 2% of the annual average net sales of the most recent three business years of said company. Therefore, the Company judges that the amount does not affect the Company's independence criteria.</p>		

- Notes:
1. If Proposal 3: Election of Five (5) Directors (excluding Directors who are Audit and Supervisory Committee Members) is approved and resolved as proposed, the candidate will assume the office of a Director (excluding a Director who is an Audit and Supervisory Committee Member), but if the number of incumbent Directors who are Audit and Supervisory Committee Members falls below the number stipulated in laws and regulations, he will resign as Director (excluding a Director who is an Audit and Supervisory Committee Member) and assume the office of Director who is an Audit and Supervisory Committee Member.
  2. There are no special interests between the candidate and the Company.
  3. The number of shares in the Company held by the candidate are as of March 31, 2022. They include shares indirectly held through the Directors' shareholding association and the employee shareholding association (any fraction less than one share has been rounded down).
  4. Mr. Masatoshi Uchida is a candidate for substitute Outside Director who is an Audit and Supervisory Committee Member.  
The Company has designated Mr. Masatoshi Uchida as an Independent Director and registered him with the Tokyo Stock Exchange in accordance with the rules of said Exchange. If he is elected, the Company plans to maintain that registration.
  5. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has concluded an agreement with the candidate to limit his liability for damages under Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability pursuant to said agreement is the amount provided for in Article 425, Paragraph 1 of the Companies Act. If the election of the candidate is approved, the Company plans to continue said agreement with him.
  6. The Company has concluded a directors and officers liability insurance agreement provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to cover damages to be borne by the insured that may arise from the insured directors and officers assuming liability in connection with the execution of their duties or through receiving claims pertaining to the pursuit of such liability; provided, however, there are certain exemptions. For example, any damage caused as a result of knowingly engaging in conduct that is in violation of laws and regulations shall not be covered. Candidates that are elected to assume the office of Director will be insured under said agreement. The Company plans to renew said agreement under the same terms and conditions at the time of the next renewal.

Reference: Skills Matrix of the Candidates for Director

The table below shows the composition of the Board of Directors and the main expertise and experience of the Directors should Proposals 3 and 4 be approved and resolved by this Annual General Meeting of Shareholders as proposed.

Category	Name	Corporate Management	Sales/ Marketing	Global Experience	Legal/ Compliance	Finance & Accounting	Production/ Technology	HR Development/ & Diversity
Directors (excluding Directors who are Audit and Supervisory Committee Members)	Yuji Kitagawa	●	●	●		●	●	
	Hiroshi Kitagawa	●	●	●		●		
	Hiroo Monden				●	●		
	Masatoshi Uchida	●	●	●		●	●	
	Misako Nishikawa		●		●			●
Directors who are Audit and Supervisory Committee Members	Takeshi Nogami				●	●		
	Junji Kaihara	●	●	●		●	●	
	Kosuke Taira				●	●		●

\* The table above is not an exhaustive indication of the knowledge, experience, and abilities of the candidates for Director.

(References)

**[Independence criteria for Outside Officers]**

The Company deems Outside Officers (Outside Directors and Outside Corporate Auditors) lack independence if they fall under any of the items below.

1. An executive of the Company and the affiliates of the Company (hereinafter collectively referred to as “the Group”) (Note 1)
2. A party who deems the Group as its major transaction partner, or its executive (Note 2)
3. A party who is the major transaction partner of the Group, or its executive (Note 3)
4. A major shareholder of the Company (a party that directly or indirectly owns 10% or more of total voting rights), or its executive
5. A party that is directly or indirectly owned by the Group for 10% or more of its total voting rights, or its executive
6. An employee of the auditing firm which is the Accounting Auditor of the Group
7. A consultant, accounting expert or legal expert who receives 10 million Japanese yen or more of cash or other property other than the officer remuneration from the Group for the past three business years
8. A spouse or close relative within the second degree of relationship, or a family member living together with the significant person (Note 4) who falls under any of items 1 through 7

Note 1: “Executive” refers to executives as provided in Article 2, Paragraph 3, Item 6 of the Regulation for Enforcement of the Companies Act, which includes not only executive directors but also employees, but excludes Corporate Auditors.

Note 2: “A party who deems the Group as its major transaction partner” refers to a party who received payment from the Group for the amount of 2% or more of annual average net sales of the most recent three business years of such party.

Note 3: “A party who is the major transaction partner of the Group” refers to a party who paid the Group for the amount of 2% or more of annual average net sales of the most recent three business years of the Group.

Note 4: “Significant person” refers to director (excluding outside director), executive officer, managing director of each company and transaction partner, certified public accountant belonging to an auditing firm, and attorney belonging to a law firm.

**Proposal 6:** Setting of Remuneration Amount for Directors (excluding Directors who are Audit and Supervisory Committee Members)

If Proposal 2: Partial Amendments to Articles of Incorporation is approved and resolved as proposed, the Company will transition to a Company with an Audit and Supervisory Committee.

The amount of remuneration to Directors of the Company was determined by a resolution of the 96th Annual General Meeting of Shareholders held on June 29, 2006 to be within 500 million yen annually (not including the employee salaries of Directors who are also employees) and has not been changed to the present. However, in line with the Company's transition to a Company with an Audit and Supervisory Committee, the Company proposes to abolish these existing provisions and set a new remuneration amount for Directors (excluding Directors who are Audit and Supervisory Committee Members) to be within 500 million yen annually (including 50 million yen annually for Outside Directors), taking into consideration various factors such as economic conditions. In addition, we propose that the specific amounts of remuneration to be paid to individual Directors (excluding Directors who are Audit and Supervisory Committee Members), the timing and method of payment and other matters be determined by resolution of the Board of Directors. As previously, these amounts of remuneration shall not include employee salaries of Directors who are also employees.

An overview of the policy for decisions on the contents of individual remuneration, etc. for Directors with respect to the 112th fiscal year of the Company appears on Page 43 of the Business Report. If this proposal is approved, the Company plans to amend this policy to the effect that its subject will be Directors (excluding Directors who are Audit and Supervisory Committee Members) and that restricted share remuneration will be newly established.

The contents of this proposal are in line with this policy to be decided and have been determined after obtaining the advice of the Board of Outside Officers (three of whose five members, or more than half, are Independent Officers), which the Company has established voluntarily, and we believe that the proposal is appropriate.

There are currently eleven (11) Directors (including two (2) Outside Directors). If Proposal 2: Partial Amendments to Articles of Incorporation and Proposal 3: Election of Five (5) Directors (excluding Directors who are Audit and Supervisory Committee Members) are approved and resolved as proposed, there will be five (5) Directors (excluding Directors who are Audit and Supervisory Committee Members) (including two (2) Outside Directors).

The resolution of this proposal will take effect subject to the taking effect of the amendments to the Articles of Incorporation stated in Proposal 2: Partial Amendments to the Articles of Incorporation.



**Proposal 7:** Setting of Remuneration Amount for Directors who are Audit and Supervisory Committee Members

If Proposal 2: Partial Amendments to Articles of Incorporation is approved and resolved as proposed, the Company will transition to a Company with an Audit and Supervisory Committee.

Accordingly, the Company proposes that the amount of remuneration of Directors who are Audit and Supervisory Committee Members be set at within 50 million yen annually, taking into consideration various factors such as job responsibilities, the number of Directors who are Audit and Supervisory Committee Members, and economic conditions, and that the specific amounts paid to individual Directors who are Audit and Supervisory Committee Members and the timing and method of payment be decided by discussion among the Directors who are Audit and Supervisory Committee Members.

The contents of this proposal are in line with this policy to be decided and have been determined after obtaining the advice of the Board of Outside Officers (three of whose five members, or more than half, are Independent Officers), which the Company has established voluntarily, and we believe that the proposal is appropriate.

If Proposal 2: Partial Amendments to Articles of Incorporation and Proposal 4: Election of Three (3) Directors who are Audit and Supervisory Committee Members are approved and resolved as proposed, there will be three (3) Directors who are Audit and Supervisory Committee Members.

The resolution of this proposal will take effect subject to the taking effect of the amendments to the Articles of Incorporation stated in Proposal 2: Partial Amendments to the Articles of Incorporation.

**Proposal 8:** Determination of Remuneration for Granting Restricted Shares to Directors (excluding Directors who are Audit and Supervisory Committee Members)

If Proposal 2: Partial Amendments to Articles of Incorporation is approved and resolved as proposed, the Company will transition to a Company with an Audit and Supervisory Committee.

In Proposal 6: Setting of Remuneration Amount for Directors (excluding Directors who are Audit and Supervisory Committee Members), the Company seeks the approval of an upper limit of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) within 500 million yen annually (including 50 million yen annually for Outside Directors). The Company now requests approval to introduce a remuneration scheme for granting restricted shares to Directors (excluding Directors who are Audit and Supervisory Committee Members) (hereinafter “Eligible Directors”) to give them incentive to sustainably increase the Company’s corporate value and to further promote shared value with shareholders. The Company therefore proposes that the total amount of cash remuneration paid to Eligible Directors for the granting of restricted shares within the aforementioned remuneration amount shall be within 50 million yen annually, an amount deemed reasonable in consideration of the aforementioned aims, and that the total number of common shares of the Company issued or disposed of under this scheme shall be within 40,000 shares annually (however, that total number may be adjusted within a reasonable range in the case that a stock split (including an allotment of common shares without contribution) or a reverse stock split of the Company’s common shares is conducted, or any other reason that requires an adjustment to the total number of common shares to be issued or disposed of by the Company as restricted shares, on or after the day on which this proposal is approved and resolved). The specific allocation of each Eligible Director shall be determined by the Board of Directors.

If Proposal 2: Partial Amendments to Articles of Incorporation and Proposal 3: Election of Five (5) Directors (excluding Directors who are Audit and Supervisory Committee Members) are approved and resolved as proposed, there will be five (5) Directors (excluding Directors who are Audit and Supervisory Committee Members) (including two (2) Outside Directors).

Eligible Directors shall, based on a resolution of the Board of Directors, make in-kind contribution of all the monetary remuneration receivables to be granted according to this proposal, and common shares of the Company shall either be issued or disposed of by the Company. The amount to be paid in per share will be determined by the Board of Directors, based on the closing price of the Company’s common shares on the Tokyo Stock Exchange on the last business day before the date of the resolution of the Board of Directors (or if trading is not concluded on that date, the closing price on the most recent trading date prior to that day) within a range that is not especially favorable to the Eligible Directors. For the purpose of such issuance or disposal of common shares of the Company, a contract on the allotment of restricted shares (hereinafter “Allotment Contract”) that includes the following provisions in summary shall be concluded between the Company and Eligible Directors.

- (1) Eligible Directors shall not transfer, pledge, or otherwise dispose of (hereinafter “Transfer Restriction”) the common shares of the Company allotted to them under the Allotment Contract (hereinafter “Allotted Shares”) from the date of granting of the restricted shares until the date they forfeit all posts as Director or Executive Officer of the Company or other post determined by the Company’s Board of Directors (however, if such post is forfeited within a period of three (3) months after the lapse of the fiscal year to which the date of grant of the restricted shares belongs, where a separate date is stipulated by the Company’s Board of Directors that is within six (6) months after the lapse of said fiscal year, until said stipulated date) (hereinafter “Transfer Restriction Period”).
- (2) In the event that an Eligible Director forfeits all the posts set forth in (1) above prior to the expiration of the period separately determined in the Company’s Board of Directors (hereinafter “Service Provision Period”), except where there is a reason deemed justified by the Company’s Board of Directors, the Company shall rightfully acquire the Allotted Shares for no consideration.
- (3) Provided Eligible Directors have held the post of Director or Executive Officer of the Company or other post determined by the Company’s Board of Directors continuously throughout the Service Provision Period, the Company shall lift the Transfer Restriction at the expiration of the Transfer Restriction Period for all the Allotted Shares. However, in the event that an Eligible Director forfeits the posts set forth in (1) above prior to the expiration of the Service Provision Period for a reason deemed justified by the Company’s Board of Directors set forth in (2) above, the number of Allotted Shares for which the

Transfer Restriction shall be lifted and the timing of the lifting of the Transfer Restriction shall be reasonably adjusted as necessary.

- (4) The Company shall rightfully acquire for no consideration any Allotted Shares for which the Transfer Restriction has not been lifted pursuant to the provisions of (3) above by the expiration of the Transfer Restriction Period.
- (5) In the event that a merger agreement where the Company becomes the non-surviving company, a share exchange agreement or a share transfer plan where the Company becomes a wholly-owned subsidiary, or other matter concerning an organizational restructuring, etc. is approved by the Company's General Meeting of Shareholders (or the Company's Board of Directors if approval of the Company's General Meeting of Shareholders is not required for the organizational restructuring, etc.) during the Transfer Restriction Period, the Company may lift the Transfer Restriction before the effective date of the organizational restructuring, etc. by resolution of the Company's Board of Directors, for a number of the Allotted Shares to be reasonably determined.
- (6) In cases as set forth in (5) above, the Company shall rightfully acquire for no consideration any Allotted Shares for which the Transfer Restriction has not been lifted immediately subsequent to the lifting of the Transfer Restriction pursuant to the provisions of (5) above.
- (7) Methods for expression of intent and notification under the Allotment Contract, methods of amendment of the Allotment Contract, and other matters determined in the Board of Directors shall form part of the Allotment Contract.

At a meeting of the Board of Directors held on March 19, 2021, the Company determined its policy regarding decisions on the content of individual Directors' remuneration, etc. Provided that this proposal is approved, the Company plans to amend that policy in line with this proposal. In addition, as stated above, given that the amount to be paid in for the Allotted Shares shall be within a range that is not especially favorable and that the dilution rate is immaterial, the Company has determined that the granting of the Allotted Shares is reasonable.

The resolution of this proposal will take effect subject to the taking effect of the amendments to the Articles of Incorporation stated in Proposal 2: Partial Amendments to the Articles of Incorporation.

(Reference)

Provided that this proposal is approved, the Company plans to introduce a scheme for remuneration for restricted shares similar to the restricted shares described above for the Executive Officers of the Company with whom the Company concludes delegation agreements.