

March 9, 2022

To Our Shareholders:

20 Umegahata, Inokura-Cho, Ayabe, Kyoto

**NITTOSEIKO CO., LTD.**

Masami Zaiki, President

## Notice of the 116th Annual Meeting of Shareholders

The Company would hereby like to inform shareholders that the Company's 116th Annual Meeting of Shareholders will be held as described below.

**If you are unable to attend the meeting on the date, you may also exercise your voting rights in writing (by postal mail) or via the internet. We kindly request you to read the following Reference Document for the Annual Meeting of Shareholders and exercise your voting rights in conformity to the guide below no later than 5:00 p.m. on Tuesday, March 29, 2022.**

Sincerely yours,

- 1. Date:** 1:00 p.m. on Wednesday, March 30, 2022
- 2. Venue:** Meeting Room of the Company, 20 Umegahata, Inokura-Cho, Ayabe, Kyoto

**3. Purposes:**

**Items to be reported:**

1. The business report, the consolidated financial statements and the results of consolidated financial statement audits by the Accounting Auditor and the Board of Auditors for the 116th business period (January 1, 2021 to December 31, 2021)
2. The non-consolidated financial statements for the 116th business period (January 1, 2021 to December 31, 2021)

**Items to be resolved:**

- Item No. 1:** Appropriation of Retained Earnings
- Item No. 2:** Partial Amendment to the Articles of Incorporation
- Item No. 3:** Election of Nine (9) Directors
- Item No. 4:** Election of One (1) Substitute Auditor


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- ◎ When you attend the meeting, we kindly request that you submit the enclosed voting form to the receptionist at the venue.
  - ◎ Of the documents to be attached to this Notice, the documents listed below are not included in the attachment because they are posted on the Company's website (<https://www.nittoseiko.co.jp/>) on the Internet, pursuant to laws and regulations, and Article 18 of the Company's Articles of Incorporation.
    - (1) Notes to the Consolidated Financial Statements
    - (2) Notes to the Non-consolidated Financial StatementsThe documents attached to this Notice and the documents posted on the Company's website described above were both audited by Auditors and the Accounting Auditor when they respectively prepared the Auditors' Report and the Accounting Auditors' Report.
  - ◎ In case of circumstances requiring revisions to the Business Report, the Consolidated Financial Statements, the Non-consolidated Financial Statements, and/or the Reference Document for the Annual Meeting of Shareholders, such revisions will be listed on the Company's website. (<https://www.nittoseiko.co.jp/>)



## Instructions on exercise of voting rights

Voting rights at a meeting of shareholders are precious rights of shareholders. You should read the following Reference Document for the Annual Meeting of Shareholders before exercising your voting rights.


There are three ways to exercise your voting rights, as shown below.



**Exercise your voting rights by attending the meeting in person**

Please submit the enclosed Voting Right Exercise Form to the venue reception desk


Meeting time and date  
1:00 p.m. (JST) on Wednesday, March 30, 2022  
(in operation from noon)



**Exercise your voting rights in writing (by postal mail)**

Please indicate your approval or disapproval for each of the items to be resolved on the enclosed Voting Right Exercise Form and return it to the Company

Exercise deadline  
5:00 p.m. (JST) on Tuesday, March 29, 2022  
(on an arrival basis)



**Exercise your voting rights via the internet**

Please input your approval or disapproval for each of the items to be resolved in conformity to the instructions on the next page.

Exercise deadline  
5:00 p.m. (JST) on Tuesday, March 29, 2022  
(on an input completion basis)

## How to fill in your Voting Right Exercise Form

Please indicate here your approval or disapproval for each of the items to be resolved<sup>o</sup>

### Items 1, 2 and 4

- If approving >> Put a circle in the “Approval” box
- If disapproving >> Put a circle in the “Disapproval” box

### Item 3

- If approving all the candidates >> Put a circle in the “Approval” box
- If disapproving all the candidates >> Put a circle in the “Disapproval” box
- If disapproving some candidates >> Put a circle in the “Approval” box and fill in the number(s) of candidates disapproved

\* The Voting Right Exercise Form is a conceptual image.

If you exercise your voting rights both in writing (by postal mail) and via the internet, the exercise via the internet will be treated as a valid exercise of voting rights. If you exercise your voting rights multiple times via the internet, the last exercise done will be treated as the valid exercise of voting rights.

# Instructions on exercising your voting rights via the internet

## By reading QR code: Smart Exercise®

You can log in to the voting right exercise website without inputting a voting right exercise code/ password.

1. Read the QR code shown on the lower right section of your Voting Right Exercise Form



\* QR code is a registered trademark of Denso Wave Incorporated.

2. From then onwards, indicate approval or disapproval by inputting according to the diagram instructions



### Exercise of your voting rights via Smart Exercise® can be done only once

To revise the exercise of your voting rights after the exercise, you should access the website for PCs and log in by inputting your voting right exercise code and password shown on your Voting Right Exercise Form, and then exercise your voting rights again.

\* Reading the QR code again will let you transition to the website for PCs.

## By inputting voting right exercise code/password

Voting right exercise website <https://www.web54.net>

1. Access the voting right exercise website



Click "Next"

2. Fill in the voting right exercise code shown on your Voting Right Exercise Form



Input the voting right exercise code

Click "Log in"

3. Input the password shown on your Voting Right Exercise Form



Input the initial password

Set a new password to be used

Click "Register"

4. From then onwards, indicate approval or disapproval by inputting according to the diagram instructions

\* The operational diagram is a conceptual image.

Should you have any doubt about how to use a PC, smartphone or mobile phone for exercising voting rights via the internet, please feel free to inquire at the contact point shown on the right.

**Sumitomo Mitsui Trust Bank**  
**Securities proxy web support-dedicated telephone number**  
 Telephone number: 0120-652-031 (toll free)  
 (Reception hours 9:00 - 21:00)

Institutional investors are able to use a voting rights electronic exercise platform for them that is run by ICJ, Inc.

## Reference Document for the Annual Meeting of Shareholders

Meeting Agenda and Referential Matters

### Item No. 1: Appropriation of Retained Earnings

The Company deems the distribution of profits to shareholders as one of its most important management policies. Its basic policy on profit distribution is to continue to pay dividends stably and adequately in ways in keeping with its business performance while working to strengthen its corporate structure and accumulate internal reserves in preparation for future business expansion. The Company intends to pay an ordinary dividend of 8.50 yen per share, and appropriate retained earnings as follows.

#### 1. Appropriation of retained earnings

- (1) Item causing higher retained earnings and its amount  
General reserve 1,000,000,000 yen
- (2) Item causing lower retained earnings and its amount  
Retained earnings brought forward 1,000,000,000 yen

#### 2. Year-end dividend

- (1) Type in which dividends are paid  
Cash payment
- (2) Allocation of dividends to shareholders and total amount of dividends  
Dividend per common share of the Company: 8.50 yen  
Total amount of dividends: 316,057,141 yen
- (3) Effective date on which dividends are disbursed from retained earnings  
March 31, 2022

As the Company paid an interim dividend of 7.50 yen per share in September 2021, the annual dividend is 16 yen per share.

**Item No. 2: Partial Amendment to the Articles of Incorporation**

1. Reason for proposal

The amendment provisions stipulated in the proviso to Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) will be enforced on September 1, 2022. Therefore, the Company proposes to amend its existing Articles of Incorporation in order to prepare for the introduction of a system to electronically provide materials for the annual meeting of shareholders as follows.

- (1) The proposed revision to Article 18, Paragraph 1 sets out the measure to electronically provide information that is contained in the reference document for the annual meeting of shareholders, etc.
- (2) The proposed revision to Article 18, Paragraph 2 sets out the provision to limit the scope of matters contained in the documents issued to shareholders who claim delivery of such documents.
- (3) Since the provision on the Internet disclosure and deemed provision of reference document for the annual meeting of shareholders, etc. (Article 18 of the existing Articles of Incorporation) will become unnecessary, it shall be deleted.
- (4) In conjunction with the establishment and deletion described above, supplementary provisions on the effective date, etc. shall be established.

2. Revision

The proposed revision is as follows.

(The part underlined denotes the revision.)

The existing Articles of Incorporation	Proposed revision
<p><u>(Internet Disclosure and Deemed Provision of Reference Document for the Annual Meeting of Shareholders, etc.)</u>  <u>Article 18 In convening an annual meeting of shareholders, the Company may be deemed to have provided its shareholders with the information relating to the matters that should be stated or indicated in the reference document for the annual meeting of shareholders, the business report, the non-consolidated financial statements and the consolidated financial statements by disclosing such information by means of a method using the Internet as stipulated by the respective Ordinance of the Ministry of Justice.</u></p> <p>(New stipulation)</p>	<p>(Deleted)</p> <p><u>(Electronic Provision Measures, etc.)</u>  <u>Article 18 In convening an annual meeting of shareholders, the Company shall take measures to electronically provide information that is contained in the reference document for the annual meeting of shareholders, etc.</u>            (ii) <u>The Company may choose to not state, among the matters for which it takes the measure for electronic provision, all or part of the matters specified in the Ordinance of the Ministry of Justice in a</u></p>

The existing Articles of Incorporation	Proposed revision
<p>(New stipulation)</p>	<p><u>document to be issued to a shareholder who has claimed issuance of the document by the record date of the voting rights.</u></p> <p><u>(Supplementary Provisions)</u></p> <ol style="list-style-type: none"> <li data-bbox="831 353 1426 786">1. <u>The deletion of pre-revised Article 18 of the Articles of Incorporation (Internet Disclosure and Deemed Provision of Reference Document for the Annual Meeting of Shareholders, etc.) and the establishment of the revised Article 18 of the Articles of Incorporation (Electronic Provision Measure, etc.) shall go into effect on the date of enforcement of the amendment provisions stipulated in the proviso to Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (“Enforcement Date”).</u></li> <li data-bbox="831 792 1426 1021">2. <u>Notwithstanding the provision of the preceding paragraph, the pre-revised Article 18 of the Articles of Incorporation shall remain in effect with respect to an annual meeting of shareholders for which the date of such annual meeting of shareholders falls within six months from the Enforcement Date.</u></li> <li data-bbox="831 1028 1426 1258">3. <u>These supplementary provisions shall be deleted on the day after six months have elapsed from the Enforcement Date or on the day after three months have elapsed from the date of the annual meeting of shareholders in the preceding paragraph, whichever comes later.</u></li> </ol>

### Item No. 3: Election of Nine (9) Directors

The term of office of all nine (9) Directors will expire at the conclusion of the Annual Meeting of Shareholders. Accordingly, the Company requests the election of nine (9) Directors.

The candidates for Director are as follows.

Candidate No.	Name		Current position and responsibility at the Company	Attendance at meetings of Board of Directors
1	Masami Zaiki	Reelection Male	President	14 times/14 times (100%)
2	Makoto Araga	Reelection Male	Representative Director and Managing Officer Managing Corporate Officer In charge of business administration units	14 times/14 times (100%)
3	Nobuhiro Uejima	Reelection Male	Director Corporate Officer General Manager, Business Department, Medical New Business Division In charge of research & development unit General Manager, Research & Development Department	14 times/14 times (100%)
4	Shigehiro Yamazoe	Reelection Male	Director Corporate Officer General Manager, Control System Division In charge of production engineering unit	14 times/14 times (100%)
5	Shinichi Matsumoto	Reelection Male	Director Corporate Officer In charge of finance unit and audit unit General Manager, Audit Department	14 times/14 times (100%)
6	Motoki Asai	New Candidate Male	Corporate Officer General Manager, Fastener Division	-
7	Mitsuru Shiomi	Reelection Male Outside Independent	Director	14 times/14 times (100%)
8	Kazuyuki Hirao	Reelection Male Outside Independent	Director	13 times/14 times (92%)
9	Konomi Katsumi	Reelection Female Outside Independent	Director	14 times/14 times (100%)

Note: Outside and Independent represent candidates for Outside Director and independent officer, respectively.

Candidate No.	Name (Date of birth)	Brief profile, position and responsibility, and significant concurrent positions		Number of the Company's shares owned
1	Masami Zaiki (October 22, 1950)  Reelection Male	March 1971 March 2005 March 2010 March 2011 March 2013	Joined the Company Director Managing Director Representative Director President (incumbent)	74,550 shares
	(Reasons for nominating as candidate for Director and an outline of expected roles) Mr. Zaiki, having been serving as President of the Company since March 2013, drives the business management of the Group with a strong leadership and decision-making ability towards achieving its long-term vision and the Mid-term Management Plan. He has extensive knowledge of corporate management and industries in Japan and abroad, and is expected to fulfill the role of pursuing sustained growth and enhanced corporate value of the Group. Therefore, we have again nominated Mr. Zaiki as a candidate for Director.			
2	Makoto Araga (October 11, 1968)  Reelection Male	April 1991 October 2014  March 2018  October 2018  March 2019  March 2020  March 2021	Joined the Company General Manager, Planning Department General Manager, Internal Control Promotion Department Director General Manager, Corporate Planning Department General Manager, Personnel and General Affairs Department General Manager, Audit Department Director In charge of business administration units Director and Corporate Officer In charge of the business administration units Managing Director and Managing Corporate Officer In charge of business administration units Representative Director and Managing Officer Managing Corporate Officer In charge of business administration units (incumbent)	17,292 shares
	(Reasons for nominating as candidate for Director and an outline of expected roles) Mr. Araga has been performing the function of overseeing and supervising our overall operations in his capacity as Representative Director since March 2021. As officer in charge of business administration units, Mr. Araga also plays a central role in various ways, such as working towards achieving the Mid-term Management Plan, promoting sustainability management, reinforcing group governance, and pursuing regional vitalization and health and productivity management under our founding philosophy. We have again nominated Mr. Araga as a candidate for Director as he is expected to fulfill the role of pursuing sustained growth and enhanced corporate value of the Group.			



Candidate No.	Name (Date of birth)	Brief profile, position and responsibility, and significant concurrent positions	Number of the Company's shares owned
3	Nobuhiro Uejima (August 4, 1959)  Reelection Male	November 1986 Joined the Company	14,430 shares
		April 2008 Director & General Manager, SHI-HO Screw Industrial Co., Ltd. Chairman of the Board, Nitto Precision Screw Industrial (Zhejiang) Co., Ltd.	
		October 2012 General Manager, Quality Control Department, Fastener Division, the Company	
		March 2015 Director Deputy General Manager, Fastener Division General Manager, Manufacturing Department	
		March 2016 Director General Manager, Fastener Division General Manager, Quality Control Department	
		March 2018 Director In charge of branch administration unit Branch Manager, Tokyo Branch	
		March 2019 Director and Corporate Officer In charge of branch administration unit Branch Manager, Tokyo Branch	
		March 2021 Director and Corporate Officer General Manager, Business Department, Medical New Business Division In charge of research & development unit General Manager, Research & Development Department (incumbent)	
<p>(Reasons for nominating as candidate for Director and an outline of expected roles)</p> <p>Mr. Uejima demonstrates leadership in promoting new businesses in the medical field by leveraging his awareness for innovation and global matters nurtured through managing the Fastener Division and overseas group companies. We have again nominated Mr. Uejima as a candidate for Director as he is expected to fulfill the role of enhancing our business in the medical field in Japan and abroad and developing innovative new products for pursuing sustained growth and enhanced corporate value of the Group also going forward.</p>			

Candidate No.	Name (Date of birth)	Brief profile, position and responsibility, and significant concurrent positions		Number of the Company's shares owned
4	Shigehiro Yamazoe (February 15, 1960)  Reelection Male	October 1989	Joined the Company	11,288 shares
		April 2011	General Manager, Manufacturing Department, Control System Division	
October 2014	General Manager, Production Engineering Department			
March 2017	Director General Manager, Control System Division General Manager, Production Engineering Department			
March 2019	Director and Corporate Officer General Manager, Control System Division General Manager, Production Engineering Department			
March 2020	Director and Corporate Officer General Manager, Control System Division In charge of production engineering unit (incumbent)			
(Reasons for nominating as candidate for Director and an outline of expected roles) Mr. Yamazoe has extensive knowledge of the inspection equipment industry through managing the Control System Division. As an officer in charge of production engineering units, he exercises leadership for our environment control activities towards improving global environments. We have again nominated Mr. Yamazoe as a candidate for Director as he is expected to fulfill the role of exercising sustainability management and developing the control system business for pursuing sustained growth and enhanced corporate value of the Group also going forward.				
5	Shinichi Matsumoto (October 16, 1964)  Reelection Male	April 1987	Joined the Company	9,309 shares
		April 2015	General Manager, Finance Department	
March 2018	Director General Manager, Finance Department			
October 2018	Director In charge of finance unit General Manager, Finance Department			
March 2019	Director and Corporate Officer In charge of finance unit General Manager, Finance Department			
March 2020	Director and Corporate Officer In charge of finance unit and audit unit			
March 2021	Director and Corporate Officer In charge of finance unit and audit unit General Manager, Audit Department (incumbent)			
(Reasons for nominating as candidate for Director and an outline of expected roles) As an officer in charge of audit units, Mr. Matsumoto plays a part to strengthen governance at the Company on both the external information disclosure and internal control fronts. He also contributes to the operations of the Group from a financial aspect by leveraging his broad knowledge in accounting and finance. We have again nominated Mr. Matsumoto as a candidate for Director as he is expected to fulfill the role of increasing efficiency of operating funds and setting capital strategies for pursuing sustained growth and enhanced corporate value of the Group also going forward.				

Candidate No.	Name (Date of birth)	Brief profile, position and responsibility, and significant concurrent positions		Number of the Company's shares owned
6	Motoki Asai (January 14, 1967)  New Candidate Male	April 1985	Joined the Company	6,312 shares
		October 2013	Branch Manager, Osaka Branch	
		April 2015	Branch Manager, Nagoya Branch	
			General Manager, Sales Department, Fastener Division	
		April 2018	Deputy General Manager, Fastener Division	
		March 2019	Corporate Officer	
			Deputy General Manager, Fastener Division	
		March 2020	Corporate Officer	
			General Manager, Fastener Division (incumbent)	
(Reasons for nominating as candidate for Director and an outline of expected roles) Mr. Asai contributes to the growth of the fastener business by leveraging his extensive knowledge of the fastening assembly industry along with advanced information-gathering ability based on his sales experience over many years. He also demonstrates leadership in our effort to expand the business domain through group-wide collaboration. We have newly nominated Mr. Asai as a candidate for Director as he is expected to fulfill the role of promoting further growth of the fastener business by leveraging the brand power built on trust from business partners for pursuing sustainable growth and enhanced corporate value of the Group also going forward.				
7	Mitsuru Shiomi (July 29, 1962)  Reelection Male Outside Independent	April 1989	Joined the Company	15,245 shares
		July 2002	Resigned from the Company	
		October 2006	Registered as a practicing attorney (Kyoto Bar Association) (incumbent)	
			Established Shiomi Law Office (Kyoto City)	
		April 2007	Relocated Shiomi Law Office (Fukuchiyama City) (current)	
		March 2016	Outside Director, the Company (incumbent)	
		May 2019	Audit & Supervisory Board Member, SATO, Inc. (incumbent)	
		October 2019	Director, social welfare corporation Kuushinfukushikai (incumbent)	
		May 2021	Audit & Supervisory Board Member, Maizuru Warehouse Co., Ltd. (incumbent)	
(Reasons for nominating as candidate for Outside Director and an outline of expected roles) Mr. Shiomi provides appropriate advice by leveraging his advanced professional knowledge of legal matters, accounting and taxation. As a member of the Nomination and Remuneration Committee, he also carries out an oversight function from an objective viewpoint in the process of nominating Directors and determining their remuneration and in setting the succession plan for the CEO, etc. Therefore, we have again nominated Mr. Shiomi as a candidate for Outside Director to be re-elected as he is expected to fulfill the role of implementing appropriate information disclosure and securing transparency of the Board of Directors also going forward.				
8	Kazuyuki Hirao (May 29, 1951)  Reelection Male Outside Independent	August 1998	Professor, Department of Material Chemistry, Graduate School of Engineering, Kyoto University	3,134 shares
		December 2006	President, Kyoto City Innovation Center	
		January 2013	President, Nanotechnology Hub, Kyoto University	
		July 2014	Chairman, Kyoto Green Chemical Network (incumbent)	
		March 2017	Outside Director, the Company (incumbent)	
		April 2017	Professor Emeritus and Specially Appointed Professor, Kyoto University (incumbent)	
		April 2017	President, Advanced Chemical Technology Center in Kyoto (incumbent)	
		June 2017	President, The Ceramic Society of Japan	
		April 2018	President, Kyoto Katsura Innovation Center (incumbent)	
(Reasons for nominating as candidate for Outside Director and an outline of expected roles ) Mr. Hirao has experience as head of many organizations and extensive knowledge as university professor,				

Candidate No.	Name (Date of birth)	Brief profile, position and responsibility, and significant concurrent positions	Number of the Company's shares owned
		and gives us appropriate advice although he has not been directly involved in corporate operations expect for as outside director. As a member of the Nomination and Remuneration Committee, he also carries out an oversight function from an objective viewpoint in the process of nominating Directors and determining their remuneration and in setting the succession plan for the CEO, etc. We have again nominated Mr. Hirao as a candidate for Outside Director to be re-elected as he is expected to fulfill the role of pursuing innovation based on sustainability management and securing transparency of the Board of Directors also going forward.	

Candidate No.	Name (Date of birth)	Brief profile, position and responsibility, and significant concurrent positions	Number of the Company's shares owned
9	Konomi Katsumi (September 10, 1964)  Reelection Female Outside Independent	<p>January 2000 Registered as a Labor and Social Security Attorney (Osaka Association of Labor and Social Security Attorneys)</p> <p>January 2000 Established Katsumi Labor and Social Security Attorney Office (incumbent)</p> <p>September 2005 Founder and President, Three by Three</p> <p>April 2007 Industrial Counselor (certified by the Association of Industrial Counselors) (incumbent)</p> <p>April 2007 Registered as a Specified Labor and Social Security Attorney (SR-KYOTO Association) (incumbent)</p> <p>April 2008 Career consultant (incumbent)</p> <p>March 2019 Outside Director, the Company (incumbent)</p> <p>July 2019 Representative Director, Three by Three Co., Ltd. (incumbent)</p>	429 shares
<p>(Reasons for nominating as candidate for Outside Director and an outline of expected roles)</p> <p>Ms. Katsumi, providing human capital consulting incorporating mental health and work-life balance perspectives as corporate business strategy elements, gives us appropriate advice towards vitalizing human resources as aimed for by the Company. As a member of the Nomination and Remuneration Committee, she also carries out an oversight function from an objective viewpoint in the process of nominating Directors and determining their remuneration and in setting the succession plan for the CEO, etc. We have again nominated Ms. Katsumi as a candidate for Outside Director to be re-elected as she is expected to fulfill the role of implementing a human resource strategy by promoting diversity and securing transparency of the Board of Directors also going forward.</p>			

Notes:

1. There are no special conflicts of interest between each of the candidates and the Company.
2. Mr. Mitsuru Shiomi, Mr. Kazuyuki Hirao, and Ms. Konomi Katsumi are the candidates for Outside Director.
3. Mr. Mitsuru Shiomi's term in office as Outside Director of the Company will be six years at the conclusion of the Annual Meeting of Shareholders.
4. Mr. Kazuyuki Hirao's term in office as Outside Director of the Company will be five years at the conclusion of the Annual Meeting of Shareholders.
5. Ms. Konomi Katsumi's term in office as Outside Director of the Company will be three years at the conclusion of the Annual Meeting of Shareholders.
6. Mr. Mitsuru Shiomi served the Company as an employee in the past but satisfies the independence criteria stipulated by the Tokyo Stock Exchange in addition to requirements for an outside director prescribed by the Companies Act. If Mr. Shiomi is re-elected, the Company will continue to designate him as an independent officer and file the designation with the Exchange.
7. Mr. Kazuyuki Hirao and Ms. Konomi Katsumi satisfy the independence criteria stipulated by the Tokyo Stock Exchange in addition to requirements for an outside director prescribed by the Companies Act. If they are re-elected, the Company will continue to designate them as independent officers and file the designation with the Exchange.
8. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has concluded an agreement with each of Mr. Mitsuru Shiomi, Mr. Kazuyuki Hirao, and Ms. Konomi Katsumi to limit their liability under Article 423, Paragraph 1 of the Act. The Company will continue the agreement in the event they are re-elected. The amount of liability under the agreement shall be limited to the minimum amount provided for by laws and regulations.
9. The Company has concluded with an insurance company a director liability insurance agreement as stipulated in Article 430-3, Paragraph 1 of the Companies Act, and the insurance agreement is intended to indemnify for legal damage liability and litigation expenses to be incurred by an insured entity. If the nominees are re-elected or elected, they will be included in the insured entities under the insurance agreement. The next renewal will be done without alteration.

<Reference>

If Item No. 3 is approved as proposed, the composition of Directors will be as shown below. In light of the management strategies of the Company, the expertise and experience of Directors are as follows.

	Masami Zaiki	Makoto Araga	Nobuhiro Uejima	Shigehiro Yamazoe	Shinichi Matsumoto	Motoki Asai	Mitsuru Shiomi	Kazuyuki Hirao	Konomi Katsumi
							Outside	Outside	Outside
							Lawyer	University professor	Labor and Social Security Attorney
Corporate Operations	●	●							
Sustainability, ESG		●		●				●	●
Finance, Accounting					●		●		
Corporate legal affairs, Risk management, Compliance			●		●		●		
Governance		●					●		●
Manufacturing, Technology, Innovation	●		●	●		●		●	
Personnel, Labor, Human resource development		●							●
Brand strategies, Marketing, Sales	●					●			
Overseas operation, International experience, Global awareness	●		●		●				
Industry knowledge	●			●		●		●	

#### Item No. 4: Election of One (1) Substitute Auditor

As the election of a Substitute Auditor will go out of effect at the start of the Annual Meeting of Shareholders, the Company proposes electing Mr. Hiroto Shikata as a Substitute Auditor for Mr. Katsuhiko Mizoguchi, Outside Auditor and Mr. Hirokazu Tagano, Outside Auditor in case the number of Outside Auditors falls short of what is stipulated in law.

With regard to this agenda item, the consent of the Board of Auditors has been obtained.

The candidate for Substitute Auditor is as follows.

Name (Date of birth)	Brief profile, position, and significant concurrent positions	Number of the Company's shares owned
Hiroto Shikata (July 27, 1968)  Male Outside Independent	April 1995 Registered as Registered Management Consultant (Kyoto Small and Medium Enterprise Management Consultant Association) (incumbent)	0 shares
	June 2006 Registered as Certified Public Accountant (The Japanese Institute of Certified Public Accountants, Keijikai) (incumbent)	
	November 2007 Registered as Certified Public Tax Accountant (Kinki Certified Public Tax Accountants' Association) (incumbent)	
	June 2009 Executive Director, Kyoto Small and Medium Enterprise Management Consultant Association (incumbent)	
	July 2011 Established MHC Advisory Service Co., Ltd. President (incumbent)	
	July 2017 Established MHC Tax co. President (incumbent)	
	June 2019 Vice Chairman, The Japanese Institute of Certified Public Accountants, Keijikai) (incumbent)	
(Reasons for nominating as candidate for Substitute Outside Auditor and an outline of expected roles) As a Certified Public Accountant and Certified Public Tax Accountant, Mr. Shikata is equipped with advanced specialized knowledge in corporate accounting and tax affairs. We have nominated Mr. Shikata as a candidate for Substitute Outside Auditor as we expect he will utilize such knowledge for enhancing the soundness and transparency of audit duties at the Company.		

#### Notes:

1. There are no special conflicts of interest between Mr. Hiroto Shikata and the Company.
2. Mr. Hiroto Shikata is the candidate for Substitute Outside Auditor.
3. Mr. Hiroto Shikata satisfies the independence criteria stipulated by the Tokyo Stock Exchange in addition to requirements for an outside auditor prescribed by the Companies Act. If he is elected and assumes the office, the Company will designate him as an independent officer and file the designation with the Exchange.
4. In the event Mr. Hiroto Shikata is elected and assumes the office, the Company will conclude an agreement with him to limit his liability under Article 423, Paragraph 1 of the Act pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act. The amount of liability under the agreement shall be limited to the minimum amount provided for by laws and regulations.
5. The Company has concluded with an insurance company a director liability insurance agreement as stipulated in Article 430-3, Paragraph 1 of the Companies Act, and the insurance agreement is intended to indemnify for legal damage liability and litigation expenses, etc. to be incurred by an insured entity. If Mr. Hiroto Shikata is elected and assumes the office of Outside Auditor, he will be included in the insured entities under the insurance agreement. The next renewal will be done without alteration.