

The following is an English translation of the Notice of the 61<sup>st</sup> Ordinary General Meeting of Shareholders of Shima Seiki Mfg., Ltd., to be held on June 28, 2022. The Company provides this translation for reference and convenience only and without any guarantee as to its accuracy.

Securities Code: 6222

June 6, 2022

## To: Our Shareholders

85 Sakata, Wakayama  
SHIMA SEIKI MFG., LTD.  
Mitsuhiro Shima  
President

### Notice of the 61<sup>st</sup> Ordinary General Meeting of Shareholders

We would like to take this opportunity to thank you for your kind and continuous support. Shima Seiki Mfg., Ltd., (the "Company") will convene the 61<sup>st</sup> Ordinary General Meeting of Shareholders as stated below.

If you are unable to attend the meeting, you may exercise your voting rights in writing or via the Internet. In such a case, please review the reference document for the General Meeting of Shareholders provided below and cast your vote by 5:45 p.m., Monday, June 27, 2022.

- 1. Date and Time** 10:00 a.m., Tuesday, June 28, 2022 (reception starts at 9:00 a.m.)
- 2. Place** High-Vision Hall, Company Headquarters, 85 Sakata, Wakayama
- 3. Objectives**

#### **Matters to report**

1. The business report, consolidated financial statements, and the results of the consolidated financial statements of audits by the accounting auditor and the Audit & Supervisory Committee for the 61<sup>st</sup> business period from April 1, 2021, to March 31, 2022.
2. The unconsolidated financial statements for the 61<sup>st</sup> business period from April 1, 2021, to March 31, 2022.

#### **Proposals to resolve**

- Proposal No. 1:** Appropriation of Surplus
- Proposal No. 2:** Partial Amendments to the Articles of Incorporation
- Proposal No. 3:** Appointment of Eight (8) Directors (excluding Directors who are Audit & Supervisory Committee Members)
- Proposal No. 4:** Appointment of Three (3) Directors who are Audit & Supervisory Committee Members

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- © Shareholders attending the meeting are asked to submit the enclosed voting form to the receptionist at the venue. In addition, please take this notice with you to save resources.
- © Any amendments to the reference documents for the general meeting of shareholders, business report, consolidated financial statements, or unconsolidated financial statements will be posted on the Company website (<https://www.shimaseiki.co.jp/irj/irj.html>).
- © Of the documents provided under current laws and regulations and the provisions of Article 16 of the Articles of Incorporation, the following items are presented on the Company website (<https://www.shimaseiki.co.jp/irj/irj.html>) and are not presented in the documents attached to the convocation notice.
- (i) Consolidated statements of changes in net assets and notes to the consolidated financial statements
- (ii) Unconsolidated statements of changes in net assets and notes to the unconsolidated financial statements
- The above consolidated and unconsolidated statements of changes in net assets and notes to the consolidated and unconsolidated financial statements consist of a part of the consolidated and unconsolidated financial statements that were audited in preparing the audit report by the Audit & Supervisory Committee and the accounting audit report by the accounting auditor.
- © **There are no presents prepared for shareholders attending the General Meeting of Shareholders. We hope you will understand.**

#### Measures to prevent the spread of the COVID-19 infection

We inform you of our measures to prevent the spread of the COVID-19 infection at the General Meeting of Shareholders as follows. We also hope you will understand and cooperate with our measures.

- **We hope shareholders planning to attend the general meeting of shareholders will check on the status of the spread of COVID-19 and then carefully determine attendance from the aspect of health and safety.**
- Please exercise voting rights in advance by mailing the Voting Rights Exercise Form or online. For more details of the way to exercise voting rights, please see p. 3–4 in this notice.
- We hope shareholders attending will cooperate and wear a mask, disinfect the fingers and hands with alcohol, and monitor the body temperature with thermography.
- Our staff may stop shareholders identified as having a fever and looking ill and decline their entry into the venue.
- **We canceled the plant tour planned for after the General Meeting of Shareholders. We hope you will understand.**
- The video concerning the matters to be reported on the day of the General Meeting of Shareholders will be available on our website at a later date. Please see it. (<https://www.shimaseiki.co.jp/irj/irj.html>)
- In the event changes in the operation of the General Meeting of Shareholders arise from future conditions, we will be announced on our website. (<https://www.shimaseiki.co.jp/irj/irj.html>)

## **Instructions on the Exercise of Voting Rights**

### **When exercising voting rights via the Internet:**

Please access the website to exercise voting rights as specified by the Company (<https://evote.tr.mufg.jp/>) by personal computer or smartphone using the login ID and Temporary Password printed on the enclosed voting form. Enter your vote of approval or disapproval according to the guidance on the screen.

Please refer to the next page for more information.

Exercise period: No later than 5:45 p.m., Monday, June 27, 2022.

### **When exercising voting rights in writing:**

After indicating approval or disapproval of the proposals on the enclosed voting form, please return the completed form to the Company.

\* Please consider the postal situation and post your voting form as soon as possible to ensure its reliable arrival.

Exercise period: No later than 5:45 p.m., Monday, June 27, 2022.

### **When attending the General Meeting of Shareholders:**

Please present the enclosed voting form to the receptionist at the meeting.

Time and date of the meeting: 10:00 a.m., Tuesday, June 28, 2022.

\*If voting rights are exercised both via the Internet and in writing, the exercise of such voting rights via the Internet will be deemed valid. In cases where voting rights are exercised more than once via the Internet, the last exercise of such rights will be deemed the valid and official vote.

### **Procedures for Exercising Voting Rights via the Internet**

Exercise voting rights via the Internet by accessing the Company's designated voting rights website (<https://evote.tr.mufg.jp/>) via personal computer or smartphone.

(However, access is not available from 2:00 a.m. to 5:00 a.m. daily. )

Access the website via smartphone without entering the login ID and temporary password. You may log in to the website by scanning the QR code for the login provided on the right-hand side of the voting stub of the enclosed Voting Rights Exercise Form.

#### **\*You may exercise voting rights only once via smartphone.**

If you log in to the website more than once, please follow the instructions below.

Please confirm the login ID and temporary password, which are indicated on the enclosed Voting Rights Exercise Form. You will need to enter them when you exercise voting rights via the Internet.

#### **Inquiries about the system**

Mitsubishi UFJ Trust and Banking Corporation, Corporate Agency Division (Help Desk)  
Phone: 0120-173-027 (9:00 a.m. to 9:00 p.m. <Tokyo Time>; toll-free within Japan only)

Institutional investors may use the electronic voting platform operated by ICJ, Inc., to exercise voting rights via the Internet.

## Reference Documents for the General Meeting of Shareholders

### Proposals and References

#### Proposal No. 1: Appropriation of Surplus

The Company has made it the basic policy to pay stable dividends over the long term through continuous business development by setting profit returns to shareholders as one of the most important managerial issues.

In addition, the Company has a policy of investing balanced allocations for growth from the long-term perspective and internal reserve in preparation for future business development.

Under these policies, the Company proposes to pay a year-end dividend per share of 5 yen for the current fiscal year.

#### Year-End Dividends

- (1) Type of dividend property  
Cash
- (2) Distribution of dividends to shareholders and total of dividends  
5 yen per share of common stock of the Company.  
This will amount to total dividends of 172,573,595 yen.
- (3) Effective date of the distribution of retained earnings  
June 29, 2022

The interim dividend per share of 5 yen was paid; consequently, the annual dividend per share, which consists of interim and year-end dividends, amounts to 10 yen.

## **Proposal No. 2:** Partial Amendments to the Articles of Incorporation

### 1. Reasons for amendments to the articles of incorporation

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 come into effect on September 1, 2022. To prepare to establish a system for providing informational materials for the general meeting of shareholder in electronic form, the Company proposes to amend its articles of incorporation as follows:

- (1) The Article 16, Paragraph 1, of the proposed amendments is to establish a provision that measures for providing information in electronic format shall be implemented for providing the information that constitutes the contents of reference documents for general meetings of shareholders.
- (2) The Article 16, Paragraph 2, of the proposed amendments is to establish a provision to limit the scope of the matters to be specified in documents delivered to shareholders who have requested the delivery of materials in a paper-based format.
- (3) The amendments are to delete the provision regarding disclosure via the internet of reference documents for general meetings of shareholders and the deemed provision (Article 16 of the existing Articles of Incorporation) as it is no longer necessary.
- (4) The amendments are to establish supplementary provisions regarding the effective date in relation to the above-mentioned new establishments and deletion.

### (Supplemental explanation)

The system for providing information materials for the general meeting of shareholders in electronic form refers to a system to provide shareholders with informational materials for the general meeting of shareholders by posting the materials on websites, such as the Company's own homepage, and announcing the address of the website in writing.

The system is compulsorily applied to listed companies, and so it will be applied to the Company from the next general meeting of shareholders (scheduled to be held June 2023).

Shareholders may follow the request procedure for delivery of the written informational materials if they want to receive the written informational materials for the general meeting of shareholders after the next general meeting of shareholders.

For the request procedure for delivery of the written informational materials, please contact the securities companies where you have an account or the Company's shareholder registrar Mitsubishi UFJ Trust and Banking Corporation.

2. Details of the amendments

Details of the amendments are as follows.

(The underlined portions are to be amended)

Current Articles of Incorporation	Proposed Amendments
<p><u>(Disclosure via the internet of reference documents for general meetings of shareholders and the deemed provision)</u>  <u>Article 16. In connection with the convocation of a general meeting of shareholders, the Company may deem that the information on the matters described or shown in the reference documents for a general meeting of shareholders, business reports, and unconsolidated and consolidated financial statements is provided to shareholders by disclosing such information via the internet as provided in the relevant Ministerial Ordinance of the Ministry of Justice.</u></p> <p>(Newly added)</p>	<p>(Deleted)</p> <p><u>(Measures for providing information in electronic format)</u>  <u>Article 16. In connection with the convocation of a general meeting of shareholders, the Company shall implement measures for providing information that constitutes the content of reference documents for a general meeting of shareholders in electronic format.</u>  <u>2. The Company may exclude all or some of those specified by the relevant Ministerial Ordinance of the Ministry of Justice among the matters that the measures for providing information in electronic format are implemented in documents delivered to shareholders who have required the delivery of matters in a paper-based format by the record date of voting rights.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">Supplementary provisions  <u>(Transitional measure for agreement to Limit the Liability of Outside Audit &amp; Supervisory Board Members)</u></p> <p style="text-align: center;">(Omitted)</p> <p style="text-align: center;">(Newly added)</p>	<p style="text-align: center;">Supplementary provisions  <u>(Transitional measure for agreement to Limit the Liability of Outside Audit &amp; Supervisory Board Members)</u></p> <p style="text-align: center;">Article 1. (No amendments)</p> <p><u>(Transitional measures regarding the system for providing informational materials for a general meeting of shareholders in electronic form)</u></p> <p>Article 2. <u>Deletion of the Article 16 of the Articles of Incorporation prior to the amendments (disclosure via the internet of reference documents for general meetings of shareholders and the deemed provision) and new establishment of the Article 16 of the Articles of Incorporation after the amendments (Measures for providing information in electronic format) shall come into effect on September 1, 2022.</u></p> <p><u>2. Notwithstanding the provision of the preceding paragraph, Article 16 of the Articles of Incorporation prior to the amendments (disclosure via the internet of reference documents for general meetings of shareholders and the deemed provision) shall remain in force for the general meeting of shareholders that is held before or at the end of February 2023.</u></p> <p><u>3. The supplementary provisions shall be deleted on the later of March 1, 2023, or the lapse of three months from the date of the general meeting of shareholders stipulated in the preceding paragraph.</u></p>



**Proposal No. 3:** Appointment of Eight (8) Directors (excluding Directors who are Audit & Supervisory Committee Members)

For the current eight (8) directors (excluding directors who are Audit & Supervisory Committee members), their terms of office will expire at the closing of the General Meeting of Shareholders. In line with this, the Company asks you to appoint eight (8) directors (excluding directors who are Audit & Supervisory Committee members).

As a result of the discussion on the proposal at the Audit & Supervisory Committee, the opinion was expressed that all candidates for directors were determined appropriate, and there were no particular matters to be stated at the general meeting of shareholders.

The candidates for directors (excluding directors who are Audit & Supervisory Committee members) are as follows:

Candidate No.	Name	Present position in the Company	Characteristics			Number of times in attendance at the meeting of the Board of Directors
1	Masahiro Shima	Chairman, Representative Director	Reappointment			13/13 times
2	Mitsuhiro Shima	President, Representative Director	Reappointment			13/13 times
3	Ikuto Umeda	Director	Reappointment			13/13 times
4	Takashi Nanki	Director	Reappointment			12/13 times
5	Akihiro Ohtani	Director	Reappointment			11/11 times
6	Shosaku Kitagawa	Director	Reappointment			11/11 times
7	Yoshio Ichiryu	Director	Reappointment	Outside	Independent	13/13 times
8	Rieko Zamma	Director	Reappointment	Outside	Independent	13/13 times

(Note) For the attendance at the Board of Directors' meetings by Akihiro Ohtani and Shosaku Kitagawa, only the Board of Directors' meetings held after June 25, 2021, when they became directors are counted.

No.	Name (Date of birth)	Profile, position, responsibility, and significant concurrent positions	Number of shares of the Company held
1	Masahiro Shima (March 10, 1937) <u>Reappointment</u>	<p>July 1961      Founded Sanshin Seiki Mfg. Ltd., (now the Company) President, Representative Director</p> <p>March 2009    President, Representative Director, Director of Sales Headquarters</p> <p>June 2017      Chairman, Representative Director (current)</p>	1,070,000 shares
	<p>[Reasons for nomination as a candidate for director]</p> <p>Mr. Masahiro Shima established the Company in 1961 and has developed the group into a leader in the flat knitting machine industry while serving as the president and representative director over a long period. He has substantial experience and knowledge in the R&amp;D field, especially in the development of products from automated glove knitting machines to WHOLEGARMENT flat knitting machines and has served as the driving force for the group by showing strong leadership at the center of management. He has also supervised the entire management team as chairperson and representative director since 2017.</p> <p>His past experience and insights are still necessary for a further growth of the Company group, and so the Company listed him as a candidate for director.</p>		
2	Mitsuhiro Shima (June 23, 1961) <u>Reappointment</u>	<p>March 1987      Joined the Company</p> <p>March 1998      General Manager of the System Development Division</p> <p>June 2002      Director, General Manager of the System Development Division</p> <p>June 2007      Executive Director in charge of the Control System Development Division, Intellectual Property Department and Total Design Center, General Manager of the Graphic System Development Division</p> <p>June 2011      Senior Executive Director in charge of the Machinery Production Technology Division and Total Design Center, Director of the Production Headquarters</p> <p>June 2012      Executive Vice President in charge of the Corporate Planning Division and Total Design Center, Deputy Director of the Sales Headquarters</p> <p>June 2017      President, Representative Director, Director of the Sales Headquarters of the Company in charge of the Corporate Planning Division</p> <p>June 2018      President, Representative Director and Executive Officer, in charge of the Corporate Planning Division</p> <p>June 2020      President, Representative Director and Executive Officer, Director of the Sales Headquarters in charge of the Total Design Center and Corporate Planning Division</p> <p>June 2021      President, Representative Director and Executive Officer and Director of the Sales Headquarters in charge of the Total Design Center (current)</p>	1,061,600 shares
	<p>[Reasons for nomination as a candidate for director]</p> <p>Mr. Mitsuhiro Shima has a wide range of work experience as a person responsible for R&amp;D, manufacturing, and sales and substantial experience and knowledge in management as a director. He has served as president and representative director since 2017 and has been engaged in the control of the group, including leading the establishment of the long-term vision and preparation of the medium-term management plan to make decisions regarding significant matters on the management and supervise the execution of operations.</p> <p>His past experience and insights are still necessary for a further growth of the Company group, and so the Company listed him as a candidate for director.</p>		

No.	Name (Date of birth)	Profile, position, responsibility, and significant concurrent positions	Number of shares of the Company held
3	Ikuto Umeda (February 20, 1957) <u>Reappointment</u>	<p>May 1990      Joined the Company</p> <p>March 1998    Manager of the Senshu Branch, Sales Division</p> <p>June 2004     Director, General Manager of the Export Division</p> <p>November 2007 Director, General Manager of the Export Division, CEO of Shima Seiki Win Win Ltd. (now Shima Seiki (Hong Kong) Ltd.)</p> <p>November 2008 Director in charge of the Export Division, CEO of Shima Seiki Win Win Ltd.</p> <p>March 2009    Director, CEO of Shima Seiki Win Win Ltd.</p> <p>March 2013    Director, General Manager of the Corporate Planning Division, CEO of Shima Seiki (Hong Kong) Ltd.</p> <p>June 2013     Executive Director, Vice Director of the Sales Headquarters, General Manager of the Corporate Planning Division, CEO of Shima Seiki (Hong Kong) Ltd.</p> <p>June 2018     Senior Executive Director, Executive Officer, and Director of the Sales Headquarters in charge of the Total Design Center</p> <p>June 2020     Director, Executive Officer, CEO of Shima Seiki (Hong Kong) Ltd. (current)</p>	155,300 shares
<p>[Reasons for nomination as a candidate for director]</p> <p>Mr. Ikuto Umeda has led management of overseas subsidiaries as CEO of subsidiaries in China/Hong Kong over many years, and he has substantial global experience and results. He has made decisions regarding significant managerial matters and supervises the execution of operations as a director while performing his duties and fulfilling his responsibilities.</p> <p>His past experience and insights are still necessary for a further growth of the Company group, and so the Company listed him as a candidate for director.</p>			

No.	Name (Date of birth)	Profile, position, responsibility, and significant concurrent positions	Number of shares of the Company held
4	Takashi Nanki (March 28, 1959) <u>Reappointment</u>	<p>March 1986    Joined the Company</p> <p>November 2008    General Manager of the Accounting Division</p> <p>May 2010    General Manager of the Accounting and Finance Division</p> <p>June 2010    Director in charge of Administration Division, General Manager of the Accounting and Finance Division</p> <p>March 2013    Director in charge of the Administration Division and Physical Distribution Division; General Manager of the Accounting and Finance Division</p> <p>July 2013    Director in charge of the Physical Distribution Division, General Manager of the Accounting and Finance Division</p> <p>November 2014    Director, General Manager of the Accounting and Finance Division, in charge of the Physical Distribution Division</p> <p>March 2016    Director, General Manager of the Accounting and Finance Division, in charge of the Administration Division and Physical Distribution Division</p> <p>June 2018    Director, Executive Officer, and General Manager of the Accounting and Finance Division in charge of the General Affairs and Personnel Division, Administration Division, and Physical Distribution Division</p> <p>June 2020    Director, Executive Officer, Director of the Administrative Headquarters in charge of the Physical Distribution Division</p> <p>June 2021    Director, Executive Officer, General Manager of Accounting and Finance Division in charge of the Administrative Division and the Physical Distribution Division (current)</p>	1,000 shares
<p>[Reasons for nomination as a candidate for director]</p> <p>Mr. Takashi Nanki serves as general manager of the Accounting and Finance Division and has a wealth of insights and actual results regarding business management of the company group. He makes decisions about important managerial matters and supervises the execution of operations from a financial perspective, and appropriately performs the duties and responsibilities as director.</p> <p>His past experience and insights are still necessary for a further growth of the Company group, and so the Company listed him as a candidate for director.</p>			

No.	Name (Date of birth)	Profile, position, responsibility, and significant concurrent positions	Number of shares of the Company held	
5	Akihiro Ohtani (November 20, 1963) <u>Reappointment</u>	August 1988 March 2018 June 2018 June 2021	Joined the Company General manager of the Production Headquarters Executive officer and general manager of the Production Headquarters Director, Executive officer, General Manager of the Production Headquarters in charge of the Development Headquarters (current)	1,300 shares
		<p>[Reasons for nomination as a candidate for director]</p> <p>Mr. Akihiro Ohtani has been engaged in the operations of the Development and Manufacturing divisions since joining the Company and has a wealth of experience and insights in areas ranging from product development to manufacturing. He now supervises the production and manufacturing departments as general manager of the Production Headquarters and makes decisions about important managerial matters and supervises the execution of operations as director, and appropriately performs his duties and responsibilities.</p> <p>His past experience and insights are still necessary for a further growth of the Company group, and so the Company listed him as a candidate for director.</p>		
6	Shosaku Kitagawa (June 23, 1967) <u>Reappointment</u>	March 1991 March 2016 June 2018 June 2021	Joined the Company General manager of the Corporate Planning Division Executive officer and general manager of the Corporate Planning Division Director, Executive officer, General Manager of the Corporate Planning Division in charge of General Affairs and the Personnel Division and the Information System Division (current)	500 shares
		<p>[Reasons for nomination as a candidate for director]</p> <p>Mr. Shosaku Kitagawa serves as the general manager of the Corporate Planning Division and is initiatively engaged in preparing the medium-term management plan. In addition to the financial viewpoint, he has a wealth of experience and general knowledge in the business management division as he has been in charge of the General Affairs and Personnel Division and Information System Division since 2021. He also supervises the strengthening of corporate governance and internal control areas, including compliance and risk management. He appropriately performs duties and responsibilities as director.</p> <p>His past experience and insights are still necessary for a further growth of the Company group, and so the Company listed him as a candidate for director.</p>		

No.	Name (Date of birth)	Profile, position, responsibility, and significant concurrent positions	Number of shares of the Company held
7	<p>Yoshio Ichiryu (January 3, 1946)</p> <p><u>Reappointment</u></p> <p><u>Outside</u></p> <p><u>Independent</u></p>	<p>April 1968      Joined the Ministry of International Trade and Industry (now Ministry of Economy, Trade and Industry)</p> <p>June 1993      Director-General, MITI-Kinki Bureau</p> <p>June 1995      Director-General, Machinery and Information Industries Policy, Machinery and Information Industries Bureau</p> <p>August 1996    Director-General for Policy Coordination, Minister's Secretariat</p> <p>June 1998      Retired the MITI</p> <p>July 2000      Established Ichiryu Associates, Inc. President &amp; CEO (current)</p> <p>June 2014      Director (current)</p> <p>(Significant concurrent positions) President &amp; CEO, Ichiryu Associates, Inc. Outside Director, SALA Corporation</p>	11,300 shares
<p>[Reasons for nomination as a candidate for outside director and expected roles]</p> <p>Mr. Yoshio Ichiryu has a wealth of experience in the areas of economic and industrial policy, as well as a wide range of views and experience in general management as a business entrepreneur and performs an appropriate role as outside director in the supervision of the execution of operations from an objective standpoint independent of management. He also contributes to securing the health and transparency of the company's management as chair of the Nominating and Remuneration Committee, which is an advisory body to the Board of Directors.</p> <p>He was determined as a candidate for outside director as he was continuously expected to give advice from a wide management viewpoint and supervise the execution of operations.</p>			

No.	Name (Date of birth)	Profile, position, responsibility, and significant concurrent positions	Number of shares of the Company held
8	Rieko Zamma (March 21, 1950) <u>Reappointment</u> <u>Outside</u> <u>Independent</u>	<p>April 1970      Joined Shizuoka Broadcasting System Co., Ltd.</p> <p>June 1973      Joined Kobunsha Co., Ltd.</p> <p>June 1980      Established Candid, Inc. (Merged with Candid Produce, Inc. in May 2021) CEO</p> <p>July 2005      Established Creative Senior, Inc. (now Candid Produce, Inc.) CEO (current)</p> <p>January 2009   Established club willbe, a network for grownups Representative (current)</p> <p>June 2016      Director (current)</p> <p>(Significant concurrent positions) CEO, Candid Produce, Inc. Outside Director, Fujita Kanko Inc. Outside Director, BeNEXT-Yumeshin Group Co.</p>	700 shares
	<p>[Reasons for nomination as a candidate for outside director and expected roles]</p> <p>Ms. Rieko Zamma has a wealth of experience in event planning and public relations strategy as a producer, as well as a wide range of views and experience in general management as a business entrepreneur. She also performs an appropriate role as outside director in the supervision of the execution of operations from an objective standpoint independent of management. She also contributes to securing the health and transparency of the company's management as a member of the Nominating and Remuneration Committee, which is an advisory body to the Board of Directors.</p> <p>She was determined as a candidate for outside director as she was continuously expected to give advice from a wide management viewpoint and supervise the execution of operations.</p>		

(Notes)

1. Director candidate Mr. Mitsuhiro Shima have all the shares of Wajima Kosan Co., Ltd., a major shareholder of the Company, and the Company has transaction relationships in real estate leasing with Wajima Kosan.  
There are no special interests between other director candidates and the Company.
2. The number of shares held by each candidate includes their shareholding through the stock ownership plan for officers of Shima Seiki.
3. The Company has an agreement with Mr. Yoshio Ichiryu and Ms. Rieko Zamma concerning the limitation of liability for damage as provided in Article 423, Paragraph 1, of the Companies Act. The limit of liability under the agreement is the minimum liability provided in Article 425, Paragraph 1, of the same law. The Company will maintain the above agreement with both persons concerning the limitation on liability for damage if they are reappointed.
4. The Company has the directors and officers liability insurance policy, which is stipulated in Article 430-3, Paragraph 1, of the Companies Act, with all directors being insured. The insurance policy covers damages arising from the fact that the insured directors are responsible for executing their duties or claims against them related to the pursuit of their responsibilities. Candidates for director are insured by the insurance policy when they become a director. The insurance policy will be renewed during their terms of office without changes in its provisions.
5. Matters concerning candidates for outside director are as follows.
  - (1) Mr. Yoshio Ichiryu and Ms. Rieko Zamma are candidates for outside director.
  - (2) Mr. Yoshio Ichiryu will serve as an outside director for eight years as of the end of the general meeting of shareholders.
  - (3) Ms. Rieko Zamma will serve as an outside director of the Company for six years as of the end of the general meeting of shareholders.
6. The Company designated Mr. Yoshio Ichiryu and Ms. Rieko Zamma as independent officers based on the provisions of the Tokyo Stock Exchange and reported this to the exchange.

**Proposal No. 4: Appointment of Three (3) Directors who are Audit & Supervisory Committee Members**

For all directors who now serve as Audit and Supervisory Committee members (three persons), their terms will expire at the end of the annual general meeting of shareholders. Therefore, we ask you to appoint three directors to serve as Audit and Supervisory Committee members.

The proposal has already obtained the prior consent of the Audit and Supervisory Committee.

The candidates for director who are Audit & Supervisory Committee members are as follows:

Candidate No.	Name	Present position in the Company	Characteristics			Number of times of attendance
1	Hisahito Totsui	Director (Audit and Supervisory Committee Member)	Reappointed			13/13 times for meetings of Board of Directors 13/13 times for meetings of Audit & Supervisory Board
2	Daisuke Shinkawa	Director (Audit and Supervisory Committee Member)	Reappointed	Outside	Independent	13/13 times for meetings of Board of Directors 13/13 times for meetings of Audit & Supervisory Board
3	Sachiko Nomura	Director (Audit and Supervisory Committee Member)	Reappointed	Outside	Independent	13/13 times for meetings of Board of Directors 13/13 times for meetings of Audit & Supervisory Board



No.	Name (Date of birth)	Profile, position, responsibility and significant concurrent positions	Number of shares of the Company held
1	Hisahito Totsui (April 3, 1965) <u>Reappointment</u>	<p>March 1988      Joined the Company</p> <p>March 2008      Deputy General Manager, Internal Auditing Division (current)</p> <p>June 2018      Standing Audit &amp; Supervisory Board Member of the company</p> <p>June 2020      Director (Full-time Audit and Supervisory Committee Member) (current)</p>	2,300 shares
1	<p>[Reasons for nomination as a candidate for outside director and an Audit &amp; Supervisory Committee member]</p> <p>Mr. Hisahito Totsui has belonged to the Accounting and Finance Division for a long time and has a wealth of experience and insights in the area, as well as being familiar with the overall businesses of the Company as he served as head of the Internal Auditing division. He has served as an Audit and Supervisory Committee member since 2020, utilizing his experience. He appropriately performs audits from a fair and objective standpoint.</p> <p>In light of the above, we think that he can contribute to securing the health and transparency of the Company's management as an Audit and Supervisory Committee member, and so he was elected a director who serves as an Audit and Supervisory Committee member.</p>		
2	Daisuke Shinkawa (April 28, 1964) <u>Reappointment</u> <u>Outside</u> <u>Independent</u>	<p>May 1991      Registered as certified public accountant</p> <p>August 1991      Registered as tax attorney</p> <p>April 2002      Established HOKUTO tax accountant office Partner</p> <p>January 2003      Representative Partner, HOKUTO tax accountant office (incumbent)</p> <p>June 2012      Corporate Auditor (incumbent)</p> <p>June 2020      Director (Audit and Supervisory Committee Member) (current)</p> <p>(Significant concurrent positions) Representative Partner, HOKUTO tax account ant office Outside Director (Audit &amp; Supervisory Committee Member), Kurabo Industries Ltd.</p>	2,700 shares
2	<p>[Reasons for nomination as a candidate for outside director and an Audit &amp; Supervisory Committee member and expected roles]</p> <p>Mr. Daisuke Shinkawa has a good personality and insights and has a wealth of experience as a certified public accountant and certified tax accountant and has appropriately audited the execution of operations from an accounting and tax perspective as an Audit and Supervisory Committee member of the Company since 2020.</p> <p>In light of the above, we expect that he can contribute to securing the health and transparency of the Company's management from a standpoint independent of the execution of operations as an Audit and Supervisory Committee member, and so he was elected an outside director who serves as an Audit and Supervisory Committee member.</p>		

No.	Name (Date of birth)	Profile, position, responsibility and significant concurrent positions	Number of shares of the Company held
3	Sachiko Nomura (December 31, 1973) <u>Reappointment</u> <u>Outside</u> <u>Independent</u>	<p>April 2000 Registered as attorney Joined Dojima Law Office (to present)</p> <p>June 2015 Audit &amp; supervisory board member</p> <p>June 2020 Director (Audit and Supervisory Committee Member) (current)</p> <p>(Significant concurrent positions)</p> <p>Attorney Outside corporate auditor, B&amp;P Co., Ltd. Outside director, Kobe Bussan Co., Ltd. Outside corporate auditor, Shinobu Foods Products Co., Ltd. Adjunct professor, Osaka University Graduate School of Law</p>	1,500 shares
<p>[Reasons for nomination as a candidate for outside director and an Audit &amp; Supervisory Committee member and expected roles]</p> <p>Ms. Sachiko Nomura has a good personality and insights and has a wealth of experiences as a lawyer, and he has appropriately audited the execution of operations from a legal perspective as an Audit and Supervisory Committee member of the Company since 2020.</p> <p>In light of the above, we expect that she can contribute to securing the health and transparency of the Company's management from a standpoint independent of the execution of operations as an Audit and Supervisory Committee member, and so she was elected an outside director who serves as an Audit and Supervisory Committee member.</p>			

(Note)

1. There are no special interests between the candidates for directors who are Audit & Supervisory Committee members and the Company.
2. The number of shares held by each candidate includes their shareholding through the stock ownership plan for officers of Shima Seiki.
3. The name stated in the family registry of Ms. Sachiko Nomura is Sachiko Suzuki.
4. The Company has an agreement with Mr. Daisuke Shinkawa and Ms. Sachiko Nomura concerning the limitation on liability for damage as an Audit & Supervisory Board member as provided in Article 423, Paragraph 1, of the Companies Act. The limit of liability under the agreement is the minimum liability as provided in Article 425, Paragraph 1, of the same law. The Company will enter into an agreement with them equivalent in terms to the agreement concerning the limitation on liability for damage when their appointment is approved as directors and Audit & Supervisory Committee members.
5. The Company has the directors and officers liability insurance policy, which is stipulated in Article 430-3, Paragraph 1, of the Companies Act, with all directors being insured. The insurance policy covers damages arising from the fact that the insured directors are responsible for executing their duties or claims against them related to the pursuit of their responsibilities. Candidates for director are insured by the insurance policy when they become a director. The insurance policy will be renewed during their terms of office without changes in its provisions.
6. Matters concerning candidates for outside directors who are Audit & Supervisory Committee members are as follows:
  - (1) Mr. Daisuke Shinkawa and Ms. Sachiko Nomura are candidates for outside directors who are Audit & Supervisory Committee members.
  - (2) Mr. Daisuke Shinkawa is familiar with corporate accounting as a CPA and CTA despite no experience in the direct involvement with company management, and so he has been judged capable of appropriately executing the duties of outside director and an Audit & Supervisory Committee member.
  - (3) Ms. Sachiko Nomura is familiar with corporate legal affairs as an attorney despite no experience in the direct involvement with company management, and so she has been judged capable of appropriately executing the duties of outside director and an Audit & Supervisory Committee member.
  - (4) Mr. Daisuke Shinkawa is now an Outside Director of the Company and his tenure as Outside Director will be two(2) years at the conclusion of this general meeting of shareholders.
  - (5) Ms. Sachiko Nomura is now an Outside Director of the Company and her tenure as Outside Director will be two (2) years at the conclusion of this general meeting of shareholders.
7. The Company designated Mr. Daisuke Shinkawa and Ms. Sachiko Nomura as independent officers under the provisions of the Tokyo Stock Exchange and registered this with the Tokyo Stock Exchange.

## **[Reference]** Policy and procedure for appointing Directors

Candidates for directors (excluding directors who serve as Audit and Supervisory Committee members) are composed so that, as a whole, directors can have well-balanced knowledge, experience, abilities, and expertise to effectively perform their roles and responsibilities, and the diversity of the Board of Directors can be balanced with the adequate scale of the Board.

Candidates for independent and outside directors among the directors shall meet the standards of independence for outside directors and include those with experience in business management.

As candidates for directors who serve as Audit and Supervisory Committee members, those that help to realize diversity of the Audit and Supervisory Committee shall be appointed and include those with appropriate insights into finance and accounting.

Nomination of candidates for directors, representative directors, and directors with positions of responsibility is discussed by the Nominating and Remuneration Committee, which is chaired by an outside director, to increase the transparency and objectivity of the nomination, and is determined by a resolution of the Board of Directors following the recommendation of the committee.

[Reference] Skills matrix of candidates of directors

Expertise and experience desired to candidates of directors are as follows:

			Expertise and experience desired to individual candidates of directors								
	Name	Position (current)	Business management Management strategy	R&D, production Innovation Production	IT DX	Sales Marketing	Internationality	Finance and accounting (Capital policy)	Legal affairs Compliance Risk management	Personnel affairs Human resource development	ESG Sustainability
1	Masahiro Shima	Chairman, Representative Director	●	●		●	●		●		●
2	Mitsuhiro Shima	President, Representative Director and Executive Officer	●	●	●	●	●		●		●
3	Ikuto Umeda	Director and Executive Officer	●			●	●				●
4	Takashi Nanki	Director and Executive Officer	●		●			●	●	●	●
5	Akihiro Ohtani	Director and Executive Officer	●	●	●						●
6	Shosaku Kitagawa	Director and Executive Officer	●		●			●	●	●	●
7	Yoshio Ichiryu	Outside Director	●				●		●	●	●
8	Rieko Zamma	Outside Director	●			●				●	●
9	Hisahito Totsui	Director (Full-time Audit and Supervisory Committee Member)						●	●		●
10	Daisuke Shinkawa	Outside Director (Audit and Supervisory Committee Member)						●			●
11	Sachiko Nomura	Outside Director (Audit and Supervisory Committee Member)							●		●

## [Reference] Criteria for the independence of outside directors

All the following requirements shall be satisfied to determine that outside directors are independent of the Company:

1. Outside directors have not been an executor of the business<sup>Note 1</sup> of the Company and its affiliated companies (hereinafter called “our group”) for the past ten years.
2. Outside directors do not now nor have in the past three years met any of the following conditions:
  - (1) A person whose major client is our group<sup>Note 2</sup> or its executor of business
  - (2) A major client of our group<sup>Note 3</sup> or its executor of business
  - (3) A major shareholder (a person directly or indirectly holding 10% or more of all voting rights) of the Company or its executor of business
  - (4) An executor of the business of a person whose major shareholder (directly or indirectly holding 10% or more of all voting rights) is our group
  - (5) A consultant, accounting specialist, such as a certified public accountant, or a specialist in the law, such as an attorney who receives money and other properties<sup>Note 4</sup> from the group, in addition to an director’s remuneration (a person belonging to a legal entity and a union in the case where the organization receives the above properties)
  - (6) A person who receives large contributions in money and other property<sup>Note 4</sup> from our group or its executor of business
  - (7) An executor of the business of other companies where an executor of the business of our group is an outside officer
  - (8) The spouse or relative within the second degree of a person meeting the criteria of (1)–(7) above in the case where the person is significant
  - (9) The spouse or relative within the second degree of a person executing significant business, such as a director (excluding an outside director), and the person responsible for the divisions of our group
3. There are no other reasons for judging it reasonable that outside directors fail to perform duties as independent outside directors

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Note 1: An executor of business means an executive director, company executive, executive officer, and employee executing business and other persons executing business, such as a position holder and employee similar to the above of legal entities and other organizations.

Note 2: A person whose main client is our group means a person whose annual amount of trade with our group is above 100 million yen or 2% of consolidated sales.

Note 3: A major client of our group means a person whose annual amount of trade with our group is above 100 million yen or 2% of our group’s consolidated sales, and loans to our group are above 2% of our group’s consolidated total assets.

Note 4: Large amounts of money and other property mean that the total amount is more than 10 million yen per year for individuals and 2% of annual net sales for organizations.