



April 17, 2024

(Translation)

To Whom It May Concern,

Company name	Adastria Co., Ltd.
Representative	Osamu Kimura, Representative Director and President (Securities code: 2685 TSE Prime Market)
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Notice Concerning Partial Amendments to the Articles of Incorporation in Connection  
With the Transition to a Company With an Audit and Supervisory Committee

At a meeting held today, the Adastria Co., Ltd. ("Adastria" or "Company") Board of Directors resolved to submit a proposal for *Partial Amendments to the Articles of Incorporation* to the 74th Ordinary General Meeting of Shareholders scheduled to be held May 23, 2024.

1. Purpose of Amendments to the Articles of Incorporation

As disclosed on February 16, 2024, the Company will transition to a company with an Audit Committee to improve corporate governance further by delegating authority for important business decisions from the Board of Directors to individual directors, speeding the pace of decision-making and strengthening the supervisory function of the Board of Directors.

Therefore, the Company is preparing necessary changes for the transition, including new provisions concerning members of the Audit and Supervisory Committee and the Audit and Supervisory Committee, the deletion, etc., of provisions regarding members of the Audit & Supervisory Board and the Audit & Supervisory Board, etc. Other changes include changes in the number of articles due to additions and deletions and integration of plain text.

2. Details of Amendments to the Articles of Incorporation

The pages following provide details of the amendments to the Company's Articles of Incorporation.

3. Schedule

Scheduled date of the general meeting of shareholders to amend the Articles of Incorporation  
May 23, 2024 (Thursday)

Scheduled effective date of the amendments to the Articles of Incorporation

May 23, 2024 (Thursday)

End

(Underlined parts are amended.)

Current Articles of Incorporation	Proposed Amendments
<p>Article 4 (Method of Giving Public Notices) Public notices of the Company shall be given electronically. <u>However</u>, if electronic public notices cannot be given due to an accident or other unavoidable reason, public notices shall be published in the Nihon Keizai Shimbun.</p>	<p>Article 4 (Method of Giving Public Notices) Public notices of the Company shall be given electronically. <u>However</u>, if electronic public notices cannot be given due to an accident or other unavoidable reason, public notices shall be published in the Nihon Keizai Shimbun.</p>
<p>Article 5 (Organizational Bodies) The Company shall have the following organizational bodies in addition to the General Meeting of Shareholders and the Directors: (1) Board of Directors; (2) <u>Audit &amp; Supervisory Board Members</u>; (3) <u>Audit &amp; Supervisory Board</u>; and (4) Accounting Auditor</p>	<p>Article 5 (Organizational Bodies) The Company shall have the following organizational bodies in addition to the General Meeting of Shareholders and the Directors: (1) Board of Directors; (2) <u>Audit and Supervisory Committee</u>; (Deleted) (3) Accounting Auditor</p>
<p>Article 18 (Number of Directors) The authorized number of Directors of the Company shall be not more than twelve (12).  (New)</p>	<p>Article 18 (Number of Directors) The authorized number of Directors who are not Members of the Audit and Supervisory Committee of the Company shall be not more than twelve (12). <u>2 The authorized number of Directors who are Members of the Audit and Supervisory Committee of the Company (hereinafter referred to as the “Members of the Audit and Supervisory Committee”) shall be not more than five (5).</u></p>
<p>Article 19 (Election of Directors) The Directors of the Company shall be elected by a resolution passed by a majority of the votes of the shareholders present at a General Meeting</p>	<p>Article 19 (Election of Directors) The Directors of the Company shall be elected <u>separately for the Members of the Audit and Supervisory Committee and for the other</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>of Shareholders where the shareholders holding at least one-third (1/3) of the voting rights of shareholders entitled to vote at the meeting are present.</p>	<p><u>Directors</u>, by a resolution passed by a majority of the votes of the shareholders present at a General Meeting of Shareholders where the shareholders holding at least one-third (1/3) of the voting rights of shareholders entitled to vote at the meeting are present.</p>
<p>2 (Omitted)</p>	<p>2 (Not amended)</p>
<p>Article 20 (Terms of Office of Directors) The terms of office of Directors shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within one (1) year after their election.</p>	<p>Article 20 (Terms of Office of Directors) The terms of office of Directors shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within one (1) year after their election.</p>
<p>(New)</p>	<p><u>2 Notwithstanding the provision of the preceding paragraph, the terms of office of the Members of the Audit and Supervisory Committee shall</u></p>
<p>(New)</p>	<p><u>expire at the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within two (2) years after their election.</u></p>
<p>(New)</p>	<p><u>3 The term of office of a Member of the Audit and Supervisory Committee elected as a substitute to fill a vacancy shall expire at the end of the term of office of the retired Member of the Audit and Supervisory Committee.</u></p>
<p>(New)</p>	<p><u>4 A resolution for the election of a substitute Member of the Audit and Supervisory Committee elected under Article 329, paragraph 3 of the Companies Act shall be valid until the beginning of the Ordinary General Meeting of Shareholders for the last fiscal year ending</u></p>
	<p><u>within two (2) years after his/her election, unless shortened by such resolution.</u></p>
<p>Article 21 (Representative Directors) One or more Directors representing the Company shall be elected by a resolution of the Board of Directors.</p>	<p>Article 21 (Representative Directors) One or more Directors representing the Company shall be elected <u>among the Directors who are not Members of the Audit and</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>Article 23 (Procedures for Convening Meeting of the Board of Directors)  Notice of a meeting of the Board of Directors shall be given to each Director <u>and each Audit &amp; Supervisory Board Member</u> at least three (3) days prior to the date of the meeting. However, this period may be shortened if there is an urgent need to convene the meeting.</p> <p>2 Subject to the unanimous consent of Directors, <u>and Audit &amp; Supervisory Board Members</u>, a meeting of the Board of Directors may be held without following the convening procedures.</p> <p style="text-align: center;">(New)</p> <p>Article <u>26</u> (Compensation, etc.)  The compensation, bonuses and other financial benefits of Directors received from the Company in consideration of the execution of their duties (hereinafter referred to as the “Compensation, etc.”) shall be determined by a resolution of a General Meeting of Shareholders.</p>	<p><u>Supervisory Committee</u> by a resolution of the Board of Directors.</p> <p>Article 23 (Procedures for Convening Meeting of the Board of Directors)  Notice of a meeting of the Board of Directors shall be given to each Director at least three (3) days prior to the date of the meeting. However, this period may be shortened if there is an urgent need to convene the meeting.</p> <p>2 Subject to the unanimous consent of Directors, a meeting of the Board of Directors may be held without following the convening procedures.</p> <p><u>Article 26 (Delegation of Business Execution Decisions to Directors)</u>  <u>Pursuant to Article 399-13, paragraph 6 of the Companies Act, the Company may, by a resolution of the Board of Directors, delegate all or part of the decisions on the execution of important businesses (excluding the matters listed in the items of paragraph 5 of the same Article) to the Directors.</u></p> <p>Article <u>27</u> (Compensation, etc.)  The compensation, bonuses and other financial benefits of Directors received from the Company in consideration of the execution of their duties (hereinafter referred to as the “Compensation, etc.”) shall be determined <u>separately for the Members of the Audit and Supervisory Committee and for the other Directors</u> by a resolution of a General Meeting of Shareholders.</p>

Current Articles of Incorporation	Proposed Amendments
<p>Article <u>27</u> (Exemption of Directors From Liability)</p> <p style="text-align: center;">(Omitted)</p> <p>Chapter 5 <u>Audit &amp; Supervisory Board Members and the Audit &amp; Supervisory Board</u></p> <p><u>Article 28 (Number of Audit &amp; Supervisory Board Members)</u>  <u>The authorized number of Audit &amp; Supervisory Board Members of the Company shall be not more than five (5).</u></p> <p><u>Article 29 (Election of Audit &amp; Supervisory Board Members)</u>  <u>The Audit &amp; Supervisory Board Members of the Company shall be elected by a resolution passed by a majority of the votes of the shareholders present at a General Meeting of Shareholders where the shareholders holding at least one-third (1/3) of the voting rights of shareholders entitled to vote at the meeting are present.</u></p> <p><u>Article 30 (Terms of Office of Audit &amp; Supervisory Board Members)</u>  <u>The terms of office of Audit &amp; Supervisory Board Members shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within four (4) years after their election.</u>  <u>2 The term of office of an Audit &amp; Supervisory Board Member elected as a substitute to fill a vacancy of an Audit &amp; Supervisory Board Member who retires before the end of his/her term of office shall expire at the end of the term of office of the retired Audit &amp; Supervisory Board Member.</u></p>	<p>Article <u>28</u> (Exemption of Directors From Liability)</p> <p style="text-align: center;">(Not amended)</p> <p>Chapter 5 <u>Audit and Supervisory Committee</u></p> <p style="text-align: center;">(Deleted)</p> <p style="text-align: center;">(Deleted)</p> <p style="text-align: center;">(Deleted)</p>

Current Articles of Incorporation	Proposed Amendments
<p>Article <u>31</u> (Procedures for Convening Meeting of the <u>Audit &amp; Supervisory Board</u>)  Notice of a meeting of the <u>Audit &amp; Supervisory Board</u> shall be given to each <u>Audit &amp; Supervisory Board Member</u> at least three (3) days prior to the date of the meeting. However, this period may be shortened if there is an urgent need to convene the meeting.</p> <p>2 Subject to the unanimous consent of <u>Audit &amp; Supervisory Board Members</u>, a meeting of the <u>Audit &amp; Supervisory Board</u> may be held without following the convening procedures.</p> <p style="text-align: center;">(New)</p> <p>Article <u>32</u> (Rules of the Audit &amp; Supervisory Board)  Matters relating to the <u>Audit &amp; Supervisory Board</u> shall be governed by the Rules of the <u>Audit &amp; Supervisory Board</u> established by the <u>Audit &amp; Supervisory Board</u>, as well as by laws and regulations and these Articles of Incorporation.</p> <p><u>Article 33</u> (Compensation, etc.)</p>	<p>Article <u>29</u> (Procedures for Convening Meeting of the <u>Audit and Supervisory Committee</u>)  Notice of a meeting of the <u>Audit and Supervisory Committee</u> shall be given to each <u>Member of the Audit and Supervisory Committee</u> at least three (3) days prior to the date of the meeting. However, this period may be shortened if there is an urgent need to convene the meeting.</p> <p>2 Subject to the unanimous consent of <u>Members of the Audit and Supervisory Committee</u>, a meeting of the <u>Audit and Supervisory Committee</u> may be held without following the convening procedures.</p> <p><u>Article 30</u> (Resolution of the Audit and Supervisory Committee)  <u>Resolutions of the Audit and Supervisory Committee</u> shall be adopted by a majority of the <u>Members of the Audit and Supervisory Committee</u> present at a meeting of the <u>Audit and Supervisory Committee</u> where a majority of the <u>Members of the Audit and Supervisory Committee</u> entitled to vote in the resolution are <u>present</u>.</p> <p>Article <u>31</u> (Rules of the <u>Audit and Supervisory Committee</u>)  Matters relating to the <u>Audit and Supervisory Committee</u> shall be governed by the Rules of the <u>Audit and Supervisory Committee</u> established by the <u>Audit and Supervisory Committee</u>, as well as by laws and regulations and these Articles of Incorporation.</p> <p style="text-align: center;">(Deleted)</p>

Current Articles of Incorporation	Proposed Amendments
<p><u>The Compensation, etc. of Audit &amp; Supervisory Board Members shall be determined by a resolution of a General Meeting of Shareholders.</u></p> <p><u>Article 34 (Exemption of Audit &amp; Supervisory Board Members From Liability)</u>  <u>Pursuant to Article 426, paragraph 1 of the Companies Act, the Company may, by a resolution of the Board of Directors, exempt its Audit &amp; Supervisory Board Members (including former Audit &amp; Supervisory Board Members) from their liability arising from their act provided for in Article 423, paragraph 1 of the Companies Act, to the extent permitted by laws and regulations.</u></p> <p><u>2 Pursuant to Article 427, paragraph 1 of the Companies Act, the Company may enter into agreements with its Audit &amp; Supervisory Board Members to limit their liability arising from their act provided for in Article 423, paragraph 1 of the Companies Act. However, the maximum amount of liability under the agreements shall be the amount provided for by laws and regulations.</u></p>	<p>(Deleted)</p>
<p>Articles <u>35to40</u>(Omitted)</p> <p>(New)</p>	<p>Articles <u>32to37</u>(Not amended)</p> <p>(Supplementary Provisions)</p> <p><u>To the extent permitted by laws and regulations, the Company may, by a resolution of the Board of Directors, exempt its Audit &amp; Supervisory Board Members (including former Audit &amp; Supervisory Board Members) from their liability provided for in Article 423, paragraph 1 of the Companies Act for their acts which were taken prior to the conclusion of the 74th Ordinary General Meeting of Shareholders.</u></p> <p><u>2 The agreements to limit the liability of Audit &amp;</u></p>

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	<p><u>Supervisory Board Members (including former Audit &amp; Supervisory Board Members) provided for in Article 423, paragraph 1 of the Companies Act for their acts which were taken prior to the conclusion of the 74th Ordinary General Meeting of Shareholders shall be governed by Article 34, paragraph 2 of the Articles of Incorporation before amendment which is to be resolved at the said Ordinary General Meeting of Shareholders.</u></p>