

N.B. This is a summary translation of a notice in Japanese addressed to shareholders and is provided merely for the convenience and reference of our international shareholders.

(Securities Identification Code : 5195)

June 1, 2022

Dear Shareholders:

Tomio Ueno, President
Bando Chemical Industries, Ltd.
6-6, Minatojima Minamimachi 4-chome,
Chuo-ku, Kobe, 650-0047 Japan

**NOTICE OF
THE 99TH GENERAL MEETING OF SHAREHOLDERS**

Notice is hereby given that the 99th Ordinary General Meeting of Shareholders of Bando Chemical Industries, Ltd. (the “Company”) will be held as outlined below.

If you don’t attend the meeting, you may exercise your voting rights by either of the following methods. Please review the Referential Documents for Exercising Your Voting Rights attached hereto and exercise your voting rights by 5:30 p.m., Tuesday, June 21, 2022:

Exercise of voting rights in written form:

Please indicate your approval or disapproval on the enclosed Exercise of Voting Rights Form and return it so that it will arrive at the Company by the exercise time limit as described above.

Exercise of voting rights via Internet:

Please access the website for the exercise of voting rights designated by the Company (<https://evote.tr.mufig.jp/>) and exercise your voting rights by the exercise time limit as described above.

1. Date and Time : Wednesday, June 22, 2022, at 10:00 a.m.
2. Place : Head Office, 6-6, Minatojima Minamimachi 4-chome,
Chuo-ku, Kobe, 650-0047 Japan
3. Agenda
Reports :
 1. Business report and financial statements for the 99th business term (from April 1, 2021 to March 31, 2022)
 2. Auditing results of the consolidated financial statements for the 99th business term (from April 1, 2021 to March 31, 2022) by the Accounting Auditor and Audit and Supervisory Committee

Proposals :

- No.1 : Approval of the proposed appropriation (dividend) of retained earnings for the 99th business term (from April 1, 2021 to March 31, 2022)
- No.2 : Partial amendments to the Articles of Incorporation
- No.3 : Election of five (5) Directors who are not Audit and Supervisory Committee Members
- No.4 : Election of four (4) Directors who are Audit and Supervisory Committee Members

4. Information on Exercising Your Voting Rights :

(1) Exercising your voting rights by proxy

In the event that you are unable to attend the General Meeting of Shareholders, you may appoint another shareholder of the Company to act as proxy and attend on your behalf. Please note, however, that any delegation of your voting rights to a proxy must be presented to the Company in writing.

(2) Treatment of multiple exercise of voting rights

In the event that votes both in written form and via Internet are received from the same shareholder, the Internet vote will be considered as valid. When exercising voting rights via Internet, if multiple votes are made from the same shareholder, the last vote will be considered as valid.

(3) Announcement regarding modifications to financial statements and General Meeting documentation

Necessary notices of modifications to financial statements and documentation in relation to the General Meeting of Shareholders, if any, will be made available on the Company's homepage (<https://www.bandogrp.com>).

– END –

Referential Documents for Exercising Your Voting Rights

1. Total number of voting rights held by shareholders:
445,503
2. Proposals and referential matters

Proposal 1: Approval of the proposed appropriation (dividend) of retained earnings for the 99th business term (from April 1, 2021 to March 31, 2022)

Our policy is to enhance the return of profits and aim for making stable dividend payments targeting presently the consolidated dividend payout ratio of 40% and a minimum annual dividend of 26.00 yen per share, while considering our profit and financial position. For this term, considering the amount of earnings, we propose that the year-end dividend be 24.00 yen per share.

Our proposal for the dividends for this business term is as follows;

- (1) The dividends will be made in cash.
- (2) The amount of the year-end dividend will be 24.00 yen per share and the total amount of dividends will be 1,074,757,608 yen.
- (3) The effective date of payment of dividends shall be June 23, 2022.

Proposal 2: Partial amendments to the Articles of Incorporation

1. Reason for the Amendments

The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will come into force on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of the materials for General Meeting of Shareholders, the Articles of Incorporation of the Company shall be amended as follows.

- (1) The proposed Article 14, Paragraph 1 provides that information contained in the reference materials for the General Meeting of Shareholders, etc. shall be provided electronically.
- (2) The purpose of the proposed Article 14, Paragraph 2 is to establish a provision to limit the scope of matters to be included in the paper copy to be sent to the shareholders who have requested it.
- (3) The provisions for Disclosure via Internet and Deemed Presentation of Reference Documents, etc. for General Meeting of Shareholders (Article 14 of the current Articles of Incorporation) will become unnecessary and will therefore be deleted.
- (4) In line with the above establishment and deletion of provisions, supplementary provisions related to the effective date, etc. shall be established.

2. Details of the Amendments

The details of the amendments are as follows

(Amendments are underlined)


Current Articles of Incorporation	Proposed Amendment
<u>Article 14 (Disclosure via Internet and Deemed Presentation of Reference Documents, etc. for General Meeting of Shareholders)</u> <u>Upon convening the General Meeting of Shareholders, the Company may, as prescribed by the Ministry of Justice Ordinance, deem to have provided the shareholders with information to be set forth or indicated in reference materials for the General Meeting of Shareholders, business reports, financial statements, non-consolidated financial statements and consolidated financial statements, by way of disclosure via the Internet.</u>	<Deleted>
<Newly established>	<u>Article 14 (Measures for Providing Information in Electronic Format, etc.)</u> <u>1. For convocation of General Meeting of Shareholders, the Company shall take measures for providing information that constitutes the</u>


Current Articles of Incorporation	Proposed Amendment
	<p><u>content of the reference materials for General Meeting of Shareholders, etc. in electronic format.</u></p> <p><u>2. Among items to be provided information in electronic format, the Company may exclude all part of the items stipulated in the Ordinance of Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u></p>
<Newly established>	<p><u>Supplementary provisions</u></p> <p><u>1. The amendment to Article 14 of the Articles of Incorporation shall come into effect on September 1, 2022, the date of enforcement of amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (the “Effective Date”).</u></p> <p><u>2. Notwithstanding the provisions of the preceding paragraph, Article 14 (Disclosure via Internet and Deemed Presentation of Reference Documents, etc. for General Meeting of Shareholders) of the current Articles of Incorporation shall remain in force with respect to a General Meeting of Shareholders to be held on a date within six months from the Effective Date.</u></p> <p><u>3. These supplementary provisions shall be deleted after the lapse of six months from the Effective Date or the lapse of three months from the date of the General Meeting of Shareholders set forth in the preceding paragraph, whichever is later.</u></p>


Proposal 3: Election of five (5) Directors who are not Audit and Supervisory Committee Members


At the end of this meeting, the term of office of all five (5) Directors who are not Audit and Supervisory Committee Members will expire. Accordingly, the Company asks shareholders to elect five (5) Directors who are not Audit and Supervisory Committee Members.


The candidates for Directors who are not Audit and Supervisory Committee Members are as follows:

No.	Name (birth date)	Brief career summary, position, responsibilities in the Company and important current duties		Number of Company shares owned
1	<p>Mitsutaka Yoshii (August 18, 1958)</p> <p>[Reelection]</p>  <p>Board of Directors meeting attendance: 16/16</p>	<p>Apr. 1981 Joined the Company</p> <p>Apr. 1999 General Manager, Automotive Parts Marketing Department, Power Transmission Belt Division</p> <p>May 2003 President, Bando Europe GmbH</p> <p>Apr. 2007 General Manager, Procurement Department, the Company</p> <p>Apr. 2009 General Manager, Corporate Planning Department</p> <p>Apr. 2011 General Manager, Industrial Products Division</p> <p> President and Director (Representative Director), Bando-Scholtz Corporation</p> <p>Jun. 2011 Director, the Company</p> <p>Apr. 2013 President and Director (Representative Director)</p> <p>Apr. 2022 Chairman and Director (Representative Director) (Present)</p>		77,400
<p>Reason for nominating as a candidate for Director</p> <p>Mr. Mitsutaka Yoshii promoted the medium- to long-term management plan while serving as President and Director from April 2013 until March 2022. As a chairman of Board of Directors, he has been striving to organize the Board of Directors meetings as a place of constructive and active discussion and exchange of opinion, such as by actively bringing out opinions from Outside Directors. To realize sustainable growth and increase of medium- to long-term corporate value of the Company group, his broad experience and in-depth insight as a corporate manager are required. Therefore, he is nominated continuously as a candidate for Director.</p>				

No.	Name (birth date)	Brief career summary, position, responsibilities in the Company and important current duties		Number of Company shares owned
2	Tomio Ueno (September 2, 1968) [Reelection]  Board of Directors meeting attendance: 16/16	Apr. 1992 Joined the Company Apr. 2007 General Manager, Automotive Parts Marketing Department, Nagoya Branch Office, Marketing Division Apr. 2011 General Manager, Personnel and General Affairs Department Apr. 2013 General Manager, Marketing and Sales Department, Automotive Parts Division Apr. 2015 Deputy General Manager, Automotive Parts Division, and General Manager, Planning and Control Department Oct. 2017 President, Bando Manufacturing (Thailand) Ltd. Jun. 2020 Director, the Company Apr. 2022 President and Director (Representative Director) (Present)		12,600
Reason for nominating as a candidate for Director Mr. Tomio Ueno has been performing his roles and responsibilities as a Director properly based on his broad experience and insight regarding transmission belt business, personnel and general affairs, oversea business, etc. Having been appointed to serve as President and Director from April 2022, he has been spearheading efforts to draw up the next medium- to long-term management plan, while also ensuring that challenges of the current medium- to long-term management plan are accomplished under his strong leadership. To realize sustainable growth and increase of medium- to long-term corporate value of the Company group, his broad experience and insight across a wide range of fields and exceptional management skills are required. Therefore, he is nominated continuously as a candidate for Director.				

No.	Name (birth date)	Brief career summary, position, responsibilities in the Company and important current duties		Number of Company shares owned
3	<p>Shinji Kashiwada (February 27, 1962)</p> <p>[Reelection]</p>  <p>Board of Directors meeting attendance: 16/16</p>	<p>Apr. 1985 Joined the Company</p> <p>Nov. 2002 General Manager, Automotive Parts Marketing Department, Tokyo Branch Office, Marketing Division</p> <p>Apr. 2007 General Manager, Osaka Branch Office, Marketing Division</p> <p>Apr. 2009 General Manager, Power Transmission Belt Division</p> <p>Jun. 2011 Director (Present)</p> <p>Apr. 2013 General Manager, Mid-Term Plan Promotion Department and Tokyo Branch Office</p> <p>Apr. 2018 Senior Managing Executive Officer (Present)</p> <p><Current responsibilities> In charge of Personnel, General Administration, Finance and Accounting, Corporate Information Systems and Working Style Innovation</p>		12,700
<p>Reason for nominating as a candidate for Director</p> <p>While Mr. Shinji Kashiwada has been serving as a Director, he has performed his roles and responsibilities as a Director properly based on his broad experience and insight regarding transmission belt business and new business development, etc. To realize sustainable growth and increase of medium- to long-term corporate value of the Company group, his experience and insight are required. Therefore, he is nominated continuously as a candidate for Director.</p>				

No.	Name (birth date)	Brief career summary, position, responsibilities in the Company and important current duties		Number of Company shares owned
4	<p>Atsushi Someda (February 28, 1963)</p> <p>[Reelection]</p>  <p>Board of Directors meeting attendance: 16/16</p>	<p>Apr. 1987 Joined the Company</p> <p>Apr. 2008 General Manager, Power Transmission Technical Research Center</p> <p>Apr. 2013 General Manager, Automotive Parts Division</p> <p>Jun. 2017 Director (Present)</p> <p>Apr. 2018 Senior Executive Officer (Present) General Manager, Manufacturing Planning Center (Present)</p> <p><Current responsibilities> In charge of Manufacturing, Manufacturing Technology, Quality Control and Logistics</p>		15,600
<p>Reason for nominating as a candidate for Director</p> <p>While Mr. Atsushi Someda has been serving as a Director, he has performed his roles and responsibilities as a Director properly based on his broad experience and insight regarding power transmission technology and transmission belt business, etc. To realize sustainable growth and increase of medium- to long-term corporate value of the Company group, his experience and insight are required. Therefore, he is nominated continuously as a candidate for Director.</p>				

No.	Name (birth date)	Brief career summary, position, responsibilities in the Company and important current duties		Number of Company shares owned
5	<p>Katsuhiko Hata (October 8, 1960)</p> <p>[Reelection]</p>  <p>Board of Directors meeting attendance: 16/16</p>	<p>Apr. 1985 Joined the Company</p> <p>Apr. 2009 General Manager, Research and Development Center</p> <p>Apr. 2013 General Manager, Elastomer Products Business Administrative Headquarters</p> <p>Apr. 2017 Senior Executive Officer (Present)</p> <p>Apr. 2018 General Manager, New Businesses Promotion Center (Present)</p> <p>Jun. 2018 Director (Present)</p>		7,900
<p>Reason for nominating as a candidate for Director</p> <p>While Mr. Katsuhiko Hata has been serving as a Director, he has performed his roles and responsibilities as a Director properly based on his broad experience and insight regarding research and development, new product development, elastomer products business, etc. To realize sustainable growth and increase of medium- to long-term corporate value of the Company group, his experience and insight are required. Therefore, he is nominated continuously as a candidate for Director.</p>				

Note:

1. There is no special interest between the Company and the candidates.
2. Mr. Mitsutaka Yoshii is expected to be appointed as Outside Directors of SAKURA KCS Corporation on June 29, 2022.
3. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The policy covers the amount of indemnification and litigation expenses, etc. incurred by insureds from claims for damage arising from acts committed by the insureds, including the candidates, in their capacity as an officer, etc. of the Company. If the reelection of each candidate is approved, they will continue to be included as an insured in the policy. In addition, the Company plans to renew the said policy with the same content during their terms of office.

Opinions of the Audit and Supervisory Committee


In regard to the election, remuneration of the Directors who are not Audit and Supervisory Committee Members, Audit and Supervisory Committee Members attended the Nominating Committee and the Compensation Committee and provided their respective opinions. After the discussion at the Audit and Supervisory Committee, the Committee has judged that there are no matters to be pointed out at the General Meeting of Shareholders.

Proposal 4: Election of four (4) Directors who are Audit and Supervisory Committee Members


At the end of this meeting, the term of office of all four (4) Directors who are Audit and Supervisory Committee Members will expire. Accordingly, the Company asks shareholders to elect four (4) Directors who are Audit and Supervisory Committee Members.


This proposal has been submitted with prior consent from the Audit and Supervisory Committee.

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

No.	Name (birth date)	Brief career summary, position, responsibilities in the Company and important current duties		Number of Company shares owned
1	<p>Kyosuke Nakamura (March 26, 1956)</p> <p>[Reelection]</p>  <p>Board of Directors meeting attendance: 16/16 Audit and Supervisory Committee Members meeting attendance: 14/14</p>	<p>Apr. 1981 Joined the Company</p> <p>Dec. 2003 General Manager, Personnel and General Affairs Department</p> <p>Apr. 2011 General Manager, Corporate Information Systems Department</p> <p>Apr. 2013 General Manager, Corporate Planning Department</p> <p>Apr. 2014 Senior Executive Officer</p> <p>Jun. 2014 Director</p> <p>Jun. 2018 Director, Full-time Audit and Supervisory Committee Member (Present)</p> <p>(Important current duties) Corporate Auditor, Bando Industrial Components & Services, Ltd.</p>		38,767
<p>Reason for nominating as a candidate for Director</p> <p>Mr. Kyosuke Nakamura has broad experience and insight gained as the manager of head office departments such as the Corporate Planning Department and the Personnel and General Affairs Department, and as a Director. His experience and insight is expected to increase the information gathering ability of the Audit and Supervisory Committee, which is primarily composed of Outside Directors, and is expected to contribute to improving audit and supervising functions and further enhancing corporate governance. Therefore, he is nominated continuously as a candidate for Director who is an Audit and Supervisory Committee Member.</p>				

No.	Name (birth date)	Brief career summary, position, responsibilities in the Company and important current duties		Number of Company shares owned
2	<p>Takashi Shigematsu (November 3, 1949)</p> <p>[Reelection] Candidate for Outside Director Candidate for Independent Officer</p>  <p>Board of Directors meeting attendance: 16/16 Audit and Supervisory Committee Members meeting attendance: 14/14</p>	<p>Apr. 1975</p> <p>Jun. 2004</p> <p>Jun. 2005</p> <p>Jun. 2010</p> <p>Jun. 2014</p> <p>Jun. 2015</p> <p>Jun. 2016</p> <p>Jun. 2019</p> <p>Jun. 2021</p>	<p>Joined Toyota Motor Co., Ltd. (Current Toyota Motor Corporation)</p> <p>Managing Officer (retired in June 2009)</p> <p>Outside Director, Fujitsu Ten Limited (Current DENSO TEN Limited)</p> <p>President and Director, Fujitsu Ten Limited (Representative Director)</p> <p>Chairman and Director, Fujitsu Ten Limited (Representative Director)</p> <p>Outside Director of the Company Outside Director, Murata Manufacturing Co., Ltd. (Present)</p> <p>Outside Director of the Company (Audit and Supervisory Committee Member) (Present)</p> <p>Outside Director, Ashimori Industry Co., Ltd. (Present)</p> <p>Chairperson, Nominating Committee (Present)</p> <p>(Important current duties) Outside Director, Murata Manufacturing Co., Ltd. Outside Director, Ashimori Industry Co., Ltd.</p>	0
<p>Reason for nominating as a candidate for Outside Director and outline of expected roles</p> <p>Mr. Takashi Shigematsu has actively made statements from a comprehensive and specialist perspective based on his broad experience and insight cultivated as an engineer and a manager at a manufacturing company over many years. He has also been auditing and supervising appropriately as an Audit and Supervisory Committee Member. Moreover, he has contributed to achieving greater effectiveness serving as Chairperson of the Nominating Committee. It is expected that he will audit and supervise management from an independent standpoint from Executive Directors going forward. Therefore, he is nominated continuously as a candidate for Outside Director who is an Audit and Supervisory Committee Member. Although Toyota Motor Corporation is a business partner of the Company, Mr. Takashi Shigematsu is not in a position to be influenced by the intentions of said corporation.</p>				

No.	Name (birth date)	Brief career summary, position, responsibilities in the Company and important current duties		Number of Company shares owned
3	<p>Haruo Shimizu (January 7, 1947)</p> <p>[Reelection] Candidate for Outside Director Candidate for Independent Officer</p>  <p>Board of Directors meeting attendance: 16/16</p> <p>Audit and Supervisory Committee Members meeting attendance: 14/14</p>	<p>Feb. 1970 Joined Daikin Mfg. Co., Ltd. (Current Exedy Corporation)</p> <p>Jun. 1994 Director</p> <p>Jun. 1996 General Director, Sales Division</p> <p>Jun. 2006 President and Chief Executive Officer</p> <p>Apr. 2015 Chairman</p> <p>Jun. 2016 Advisor</p> <p>Outside Director of the Company (Audit and Supervisory Committee Member) (Present)</p> <p>Aug. 2016 Outside Director, Suminoe Textile Co., Ltd. (Present)</p> <p>Jun. 2019 Outside Director, Ashimori Industry Co., Ltd. (Present)</p> <p>(Important current duties)</p> <p>Outside Director, Suminoe Textile Co., Ltd.</p> <p>Outside Director, Ashimori Industry Co., Ltd.</p>		0
<p>Reason for nominating as a candidate for Outside Director and outline of expected roles</p> <p>Mr. Haruo Shimizu has actively made statements from a comprehensive and specialist perspective based on his broad experience in the development of global business and in-depth insight cultivated as a manager at a manufacturing company over many years. He has also been auditing and supervising appropriately as an Audit and Supervisory Committee Member. It is expected that he will audit and supervise management from an independent standpoint from Executive Directors going forward. Therefore, he is nominated continuously as a candidate for Outside Director who is an Audit and Supervisory Committee Member.</p>				

No.	Name (birth date)	Brief career summary, position, responsibilities in the Company and important current duties		Number of Company shares owned
4	<p>Sayuri Yoneda (January 31, 1967)</p> <p>[Reelection] Candidate for Outside Director Candidate for Independent Officer</p>  <p>Board of Directors meeting attendance: 16/16</p> <p>Audit and Supervisory Committee Members meeting attendance: 14/14</p>	<p>Sep. 1990 Joined Osaka Office, Chuo Shinko Audit Corporation</p> <p>Apr. 1994 Registered as certified public accountant</p> <p>Apr. 1997 Registered as a certified tax accountant Opened Yoneda Certified Public Accountant Office (Present)</p> <p>Aug. 1998 Joined Shinyo Audit Corporation</p> <p>Jul. 2000 Partner, Shinyo Audit Corporation (left in June 2019)</p> <p>Jun. 2020 Outside Director of the Company (Audit and Supervisory Committee Member) (Present) Outside Corporate Auditor, Amatei Incorporated</p> <p>Jun. 2021 Outside Director (Audit and Supervisory Committee Member), Amatei Incorporated (Present) Chairperson, Compensation Committee (Present)</p> <p>(Important current duties) Head of Yoneda Certified Public Accountant Office Outside Director (Audit and Supervisory Committee Member), Amatei Incorporated (Present)</p>		0
<p>Reason for nominating as a candidate for Outside Director and outline of expected roles</p> <p>Ms. Sayuri Yoneda has actively made statements from a comprehensive and specialist perspective based on her broad auditing experience, including at listed companies, in addition to advanced expertise related to finance and accounting as a certified public accountant. She has also been auditing and supervising appropriately as an Audit and Supervisory Committee Member. Moreover, she has contributed to achieving greater effectiveness serving as Chairperson of the Compensation Committee. It is expected that she will audit and supervise management from an independent standpoint from Executive Directors going forward. Therefore, she is nominated continuously as a candidate for Outside Director who is an Audit and Supervisory Committee Member.</p>				

Notes:

1. There is no special interest between the Company and the candidates.

2. Mr. Takashi Shigematsu, Mr. Haruo Shimizu, and Ms. Sayuri Yoneda are candidates for Outside Directors.

3. Mr. Takashi Shigematsu has been in the position of Outside Director of the Company for seven years.

4. Mr. Haruo Shimizu has been in the position of Outside Director of the Company for six years.

5. Ms. Sayuri Yoneda has been in the position of Outside Director of the Company for two years.

6. We have concluded a Limitation of Liability Agreement with Mr. Kyosuke Nakamura, Mr. Takashi Shigematsu, Mr. Haruo Shimizu and Ms. Sayuri Yoneda to limit their liabilities set forth in Article 423, Paragraph 1 of the Companies Act pursuant to Article 427, Paragraph 1 of the Companies Act, to the minimum liability amount stated in the Companies Act. If Mr. Kyosuke Nakamura, Mr. Takashi Shigematsu, Mr. Haruo Shimizu and Ms. Sayuri Yoneda's elections are approved.

7. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The policy covers the amount of indemnification and litigation expenses, etc. incurred by insureds from claims for damage arising from acts committed by the insureds, including the candidates, in their capacity as an officer, etc. of the Company. If the reelection of each candidate is approved, they will continue to be included as an insured in the policy. In addition, the Company plans to renew the said policy with the same content during their terms of office.

8. Mr. Takashi Shigematsu, Mr. Haruo Shimizu and Ms. Sayuri Yoneda are Independent Officers as stipulated by the Securities Listing Regulations of Tokyo Stock Exchange, Inc.

9. Ms. Sayuri Yoneda is a certified public accountant, and has a considerable degree of knowledge in finance and accounting.

10. Although Ms. Sayuri Yoneda has never been directly involved in corporate management, the Company has judged that she will be able to appropriately execute her duties as an Outside Director due to her broad expertise and experience as a certified public accountant.

(Reference) Board of Directors membership and skills matrix subsequent to election

The Company has been taking action in line with four guidelines cited under its mid-term plan (1. New Business Creation, 2. Core Business Expansion, 3. Enhancement and Evolution in Manufacturing, and 4. Work Style Innovation of Individuals and the Organization), and accordingly deems that its Board of Directors should consist of individuals equipped with skills (knowledge, experience and abilities) across nine categories as necessary for promoting those guidelines. The following skills matrix lists the membership of the Board of Directors along with the primary skills possessed by the respective Directors upon approval of Proposal 3 and Proposal 4 as proposed.

Position in the Company Name (age)	Corporate & business management	Sustainability & ESG	Global business	Sales & marketing	Technology & R&D	Manufacturing & manufacturing technology	Finance & accounting	Legal affairs, compliance & risk management	Personnel & labor
Chairman and Director Mitsutaka Yoshii (63)	○	○	○	○					
President and Director (Representative Director) Tomio Ueno (53)	○		○	○					○
Director (Senior Managing Executive Officer) Shinji Kashiwada (60)	○	○		○				○	
Director (Senior Executive Officer) Atsushi Someda (59)	○				○	○			
Director (Senior Executive Officer) Katsuhiko Hata (61)	○	○			○				
Director (Full-time Audit and Supervisory Committee Member) Kyosuke Nakamura (66)							○	○	○
Outside Director (Audit and Supervisory Committee Member) Takashi Shigematsu (72)	○ (Automotive parts)				○				
Outside Director (Audit and Supervisory Committee Member) Haruo Shimizu (75)	○ (Automotive parts)		○	○					
Outside Director (Audit and Supervisory Committee Member) Sayuri Yoneda (55)							○ (Certified public accountant)		

* The above skills matrix lists up to four primary categories of skills deemed particularly desirable with respect to each individual, determined based on the respective individual's experience and other such factors. As such, the skills indicated do not constitute the entire range of knowledge, experience and ability possessed by these individuals.

(Reference) Criteria for determining independence of Outside Directors

The Company determines that an Outside Director maintains independence if he or she is not a person to whom any of the following apply:

1. A person who currently engages in or has previously engaged in execution of business of the Company group, as an executive director, executive officer, manager or any other capacity as an employee;
2. A person to whom any of the following have applied during the past five (5) fiscal years:
 - (1) A person whose close relatives engage in execution of business of the Company group;
 - (2) A major shareholder of the Company^{*1} or a person who engages in business thereof;
 - (3) A major business counterparty^{*2} of the Company group, or a person whose major business counterparty is the Company group or who otherwise engages in business thereof;
 - (4) A major lender^{*3} of the Company group or a person who engages in business thereof;
 - (5) A person affiliated with an auditing firm that conducts statutory audits of the Company;
 - (6) A consultant, a certified public accountant or other such accounting professional, or an attorney at law or other such legal professional who has obtained money amounting to a substantial sum^{*4} or other assets other than Director remuneration from the Company;
 - (7) A person who engages in business of a company to which the directors of the Company are cross-appointed, or;
 - (8) A person who has received donations amounting to a substantial sum^{*4} from the Company;
3. A person whose term of office as Outside Director has exceeded a period of eight (8) years, or;
4. A person with respect to whom it has been deemed there may be particular grounds constituting conflict of interest with respect to the general shareholders upon having substantively and comprehensively taken into account other circumstances.

Notes:

1. A major shareholder is a person who owns shares constituting 10% or more of the Company's total voting rights.
2. A major business counterparty is a person to whom the Company group provides its products or services, or otherwise a person who is affiliated with a counterparty group receiving such products and services such that total business transactions over one (1) fiscal year exceed 2% of the consolidated sales revenue of such recipient.
3. A major lender is a lender group with respect to whom the Company group's borrowings exceed 2% of total consolidated assets.
4. A substantial sum is an amount exceeding 10 million yen per one (1) fiscal year.

CONSOLIDATED FINANCIAL STATEMENTS

These Consolidated Financial Statements were publicly released in the Japanese language on May 12, 2022.

(1) Consolidated statement of financial position

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and cash equivalents	18,863	18,837
Trade and other receivables	20,467	22,486
Inventories	13,038	16,232
Income taxes receivable	31	50
Other financial assets	435	734
Other current assets	823	859
Total current assets	53,660	59,200
Non-current assets		
Property, plant and equipment	32,880	32,954
Goodwill	8,601	4,581
Intangible assets	4,413	3,947
Investments accounted for using equity method	7,038	8,511
Other financial assets	8,663	6,109
Deferred tax assets	521	755
Other non-current assets	502	320
Total non-current assets	62,622	57,180
Total assets	116,282	116,381

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	14,070	16,050
Bonds and borrowings	8,012	3,593
Income taxes payable	549	1,720
Other financial liabilities	876	976
Provisions	5	5
Other current liabilities	4,144	6,174
Total current liabilities	27,658	28,520
Non-current liabilities		
Bonds and borrowings	11,987	10,237
Retirement benefit liability	751	651
Other financial liabilities	1,310	1,675
Deferred tax liabilities	1,654	1,085
Other non-current liabilities	2,157	1,781
Total non-current liabilities	17,860	15,432
Total liabilities	45,519	43,952
Equity		
Share capital	10,951	10,951
Capital surplus	3,075	3,075
Retained earnings	55,857	56,480
Treasury shares	△1,622	△2,577
Other components of equity	2,230	4,203
Total equity attributable to owners of parent	70,491	72,133
Non-controlling interests	271	295
Total equity	70,763	72,429
Liabilities and equity	116,282	116,381

(2) Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Revenue	81,371	93,744
Cost of sales	56,520	66,081
Gross profit	24,851	27,662
Selling, general and administrative expenses	19,912	21,782
Other income	240	446
Other expenses	323	4,685
Share of profit of investments accounted for using equity method	520	1,025
Operating profit	5,377	2,665
Finance income	385	878
Finance costs	144	130
Profit before tax	5,618	3,414
Income tax expense	1,660	2,197
Profit	3,958	1,217
Profit attributable to		
Owners of parent	3,943	1,211
Non-controlling interests	15	5
Profit	3,958	1,217
Earnings per share		
Basic earnings per share	86.57	26.92

(3) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	3,958	1,217
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	1,750	423
Remeasurements of defined benefit plans	73	100
Share of other comprehensive income of investments accounted for using equity method	64	—0
Total	1,888	523
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	1,354	1,863
Share of other comprehensive income of investments accounted for using equity method	595	659
Total	1,949	2,523
Total other comprehensive income	3,838	3,046
Comprehensive income	7,796	4,263
Comprehensive income attributable to		
Owners of parent	7,777	4,231
Non-controlling interests	19	31
Comprehensive income	7,796	4,263

(4) Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of parent						Non-controlling interests	Total
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of parent		
Balance at beginning of period	10,951	3,075	52,301	−1,692	−988	63,648	261	63,909
Profit			3,943			3,943	15	3,958
Other comprehensive income					3,834	3,834	4	3,838
Total	—	—	3,943	—	3,834	7,777	19	7,796
Dividends of surplus			−1,003			−1,003	−9	−1,012
Purchase of treasury shares				−2		−2		−2
Disposal of treasury shares		−27		72		44		44
Share-based payment transactions		27				27		27
Transfer from other components of equity to retained earnings			615		−615	—		—
Total	—	−0	−387	69	−615	−934	−9	−943
Balance at end of period	10,951	3,075	55,857	−1,622	2,230	70,491	271	70,763
Profit			1,211			1,211	5	1,217
Other comprehensive income					3,020	3,020	26	3,046
Total	—	—	1,211	—	3,020	4,231	31	4,263
Dividends of surplus			−1,634			−1,634	−7	−1,642
Purchase of treasury shares				−954		−954		−954
Disposal of treasury shares						—		—
Share-based payment transactions						—		—
Transfer from other components of equity to retained earnings			1,047		−1,047	—		—
Total	—	—	−587	−954	−1,047	−2,589	−7	−2,597
Balance at end of period	10,951	3,075	56,480	−2,577	4,203	72,133	295	72,429

(5) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before tax	5,618	3,414
Depreciation and amortization	5,973	5,892
Impairment losses	105	4,327
Interest and dividend income	−294	−292
Interest expenses	137	121
Share of loss (profit) of investments accounted for using equity method	−520	−1,025
Loss (gain) on sale and retirement of fixed assets	81	57
Decrease (increase) in inventories	221	−2,523
Decrease (increase) in trade and other receivables	92	−1,405
Increase (decrease) in trade and other payables	443	872
Increase (decrease) in retirement benefit liability	−41	−91
Increase (decrease) in provisions	−20	0
Increase / decrease in other current liabilities	−3	2,026
Increase / decrease in other non-current liabilities	−383	−379
Other	−92	33
Subtotal	11,318	11,030
Interest and dividends received	469	623
Interest paid	−135	−124
Income taxes paid	−1,541	−1,947
Income taxes refund	61	9
Net cash provided by (used in) operating activities	10,172	9,591
Cash flows from investing activities		
Payments into time deposits	−668	−685
Proceeds from withdrawal of time deposits	883	445
Purchase of property, plant and equipment	−3,540	−3,467
Proceeds from sale of property, plant and equipment	59	85
Purchase of intangible assets	−362	−132
Purchase of equity instruments	−19	−12
Proceeds from sale of equity instruments	918	3,156
Purchase of investments accounted for using equity method	—	−28
Other	−38	105
Net cash provided by (used in) investing activities	−2,766	−534

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	—478	—1,500
Proceeds from short-term borrowings	2,000	—
Repayments of short-term borrowings	—2,000	—
Proceeds from long-term borrowings	2,000	—
Repayments of long-term borrowings	—3,035	—1,712
Repayments of lease liabilities	—1,150	—1,085
Redemption of bonds	—	—3,000
Purchase of treasury shares	—0	—1,000
Proceeds from sale of treasury shares	44	—
Dividends paid to owners of parent	—1,003	—1,634
Dividends paid to non-controlling interests	—9	—7
Net cash provided by (used in) financing activities	—3,633	—9,942
Effect of exchange rate changes on cash and cash equivalents	598	858
Net increase (decrease) in cash and cash equivalents	4,370	—26
Cash and cash equivalents at beginning of period	14,493	18,863
Cash and cash equivalents at end of period	18,863	18,837