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(Securities code: 2735)

November 8, 2022

To Shareholders:

Fumio Hiraoka, President and CEO
Watts Co., Ltd.
1-4-70, Shiromi, Chuo-ku, Osaka-shi

NOTICE OF THE 28TH ANNUAL SHAREHOLDERS' MEETING

We are pleased to announce the 28th Annual Shareholders' Meeting of Watts Co., Ltd. (the "Company"), which will be held as indicated below.

- 1. Date and Time** Friday, November 25, 2022 at 10:00 a.m.
- 2. Place** 7th Floor, International Conference Hall, Osaka Chamber of Commerce and Industry
2-8, Honmachibashi, Chuo-ku, Osaka-shi

3. Agenda

Matters to be reported:

1. The 28th Fiscal Year (from September 1, 2021 to August 31, 2022)
Report on the Business Report, Consolidated Financial Statements, and the results of audit of the Consolidated Financial Statements by the financial auditor and the Audit and Supervisory Committee
2. The 28th Fiscal Year (from September 1, 2021 to August 31, 2022)
Report on the Non-consolidated Financial Statements

Matters to be resolved:

- Proposal No. 1** Appropriation of Surplus (Year-End Dividends for the 28th Fiscal Year)
- Proposal No. 2** Amendment to the Articles of Incorporation
- Proposal No. 3** Election of Seven Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

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- (Notes) 1. If attending the Shareholders' Meeting, please submit the enclosed Voting Rights Exercise Form at the venue reception.
2. Of the documents to be attached to this Notice, the "Notes to Consolidated Financial Statements" and "Notes to Non-consolidated Financial Statements" are provided on the Company's website (<https://www.watts-jp.com/>) in accordance with the provisions of laws and regulations and the Company's Articles of Incorporation, and therefore are not provided with the documents attached to this Notice.
- Furthermore, the documents attached to this Notice constitute part of the Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements audited by the Audit and Supervisory Committee when preparing its audit report and the Consolidated Financial Statements and Non-consolidated Financial Statements audited by the financial auditor when preparing its financial audit report.
3. Should any matters arise that require revision by the day before the Shareholders' Meeting in relation to the content of the Business Report, the Consolidated Financial Statements, and the Non-consolidated Financial Statements, as well as the Reference Documents for the Shareholders' Meeting, notification shall be provided by posting on the Company's website (<https://www.watts-jp.com/>).

Reference Documents for the Shareholders' Meeting

Proposal No. 1 Appropriation of Surplus (Year-End Dividends for the 28th Fiscal Year)

The Company positions the return of profit to shareholders as one of its most important management policies. In accordance with this policy, taking business performance into consideration, the Company proposes to pay year-end dividends for the fiscal year as follows:

Year-end dividends

1. Type of dividend property
To be paid in cash.
2. Allotment of dividend property and their aggregate amount
¥15 per common share of the Company (aggregate amount: ¥203,629,695)
3. Effective date of dividends of surplus
November 28, 2022

Proposal No. 2 Amendment to the Articles of Incorporation

1. Reasons for the Amendment

Since the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) were enforced on September 1, 2022, and the system for providing informational materials for the general meeting of shareholders in electronic format was introduced, the Company proposes to make the following changes to the Articles of Incorporation.

- (1) As the Company is required to establish provisions in the Articles of Incorporation to the effect that it shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format, Article 12 (Measures, etc. for Providing Information in Electronic Format), paragraph 1 in “Proposed amendments” below shall be newly established.
- (2) Among items for which measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format shall be taken, in order to enable the scope of items to be stated in paper-based documents to be delivered to shareholders who have requested the delivery of paper-based documents to be limited to the scope set forth in the Ministry of Justice Order, Article 12 (Measures, etc. for Providing Information in Electronic Format), paragraph 2 in “Proposed amendments” below shall be newly established.
- (3) Since the provisions of Article 12 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) of the current Articles of Incorporation will no longer be required when the system for providing informational materials for the general meeting of shareholders in electronic format is introduced, they will be deleted.
- (4) Supplementary provisions will be established in relation to the effect of the aforementioned additions and deletion. These supplementary provisions shall be deleted after the predetermined period has elapsed.

2. Details of the Amendment

The details of the amendment are as follows:

(Amendments are underlined.)

Current Articles of Incorporation	Proposed amendments
<p><u>Article 12. (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.)</u></p> <p><u>When the Company convenes a general meeting of shareholders, if it discloses information that is to be stated or presented in the reference documents for the general meeting of shareholders, business report, financial statements and consolidated financial statements through the internet in accordance with the provisions prescribed by the Ministry of Justice Order, it may be deemed that the Company has provided this information to shareholders.</u></p> <p style="text-align: center;">(Newly established)</p>	<p style="text-align: center;">(Deleted)</p> <p><u>Article 12. (Measures, etc. for Providing Information in Electronic Format)</u></p> <p><u>1. When the Company convenes a general meeting of shareholders, it shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.</u></p> <p><u>2. Among items for which the measures for providing information in electronic format will be taken, the Company shall not be required to state all or some of those items designated by the Ministry of Justice Order in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p>

Current Articles of Incorporation	Proposed amendments
(Newly established)	<p data-bbox="842 212 1114 241"><u>(Supplementary Provisions)</u></p> <p data-bbox="842 248 1437 327"><u>Article 1. (Transitional Measures for Providing Informational Materials for the General Meeting of Shareholders in Electronic Format)</u></p> <p data-bbox="842 338 1437 501">1. <u>Article 12 of the Articles of Incorporation (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) shall remain effective regarding any general meeting of shareholders held on a date within six months from September 1, 2022.</u></p> <p data-bbox="842 510 1437 638">2. <u>The provisions of this Article shall be deleted on the date when six months have elapsed from the September 1, 2022 or three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u></p>

Proposal No. 3 Election of Seven Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of all seven Directors (excluding Directors who are Audit and Supervisory Committee Members; hereinafter, the same applies in this proposal) will expire at the conclusion of this Annual Shareholders' Meeting. Accordingly, taking into consideration a report from the Nomination and Compensation Committee, the Company proposes the election of seven Directors. Furthermore, after consideration of this proposal by the Audit and Supervisory Committee, it has been confirmed that the committee has no particular opinion in relation to this proposal.

The candidates for Director are as follows:

Candidate no.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned	
1	Fumio Hiraoka (July 4, 1960)	Apr. 1998	Joined the Company	458,671 shares
		Mar. 2000	Director and Responsible for Kyushu Area	
		Aug. 2000	Director and Head of Corporate Planning Office	
		Mar. 2002	Representative Director, Deputy President, and Head of Corporate Planning Office	
		Mar. 2003	President and CEO	
		Apr. 2017	President and CEO and General Manager of Business Division	
		Sept. 2017	President and CEO (current position)	
	[Reasons for nomination as candidate for Director] Fumio Hiraoka provides appropriate explanations of matters to be resolved and matters to be reported at meetings of the Board of Directors, and sufficiently fulfills his roles of determining important management matters and supervising the execution of business. In addition, the Company has judged that it is optimal for him to continue to lead management as a Representative Director, and to aim for sustainable growth, and it believes he is appropriately qualified as a Director.			
2	Hiroshi Fukumitsu (September 25, 1959)	June 1995	Joined the Company	287,725 shares
		Feb. 1997	Director and General Manager of Accounting Department	
		July 1999	Director and General Manager of Administration Division	
		June 2015	Director, General Manager of Administration Division, and General Manager of Administration Department	
		Nov. 2017	Executive Managing Director, General Manager of Administration Division, and General Manager of Administration Department (current position)	
	[Reasons for nomination as candidate for Director] Hiroshi Fukumitsu has fulfilled appropriate roles, including determining important management matters and supervising the execution of business, and has abundant experience and wide-ranging knowledge, mainly developed in administration departments. Accordingly, the Company believes he is appropriately qualified as a Director.			

Candidate no.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
3	Hidehito Mori (April 12, 1960)	<p>Apr. 1984 Joined The Sanwa Bank, Limited (currently MUFG Bank, Ltd.) Stationed in the UK, Spain, the US, and Canada</p> <p>Oct. 2006 General Manager of Osaka Office, International Operations Department</p> <p>Oct. 2011 Deputy General Manager of Global Service Center</p> <p>Mar. 2013 Seconded to the Company, Acting Head of Corporate Planning Office</p> <p>Nov. 2013 Joined the Company Director and Head of Corporate Planning Office</p> <p>Nov. 2017 Executive Managing Director, Head of Corporate Planning Office</p> <p>Sept. 2018 Executive Managing Director, Head of Corporate Planning Office, and General Manager of Business Division II</p> <p>Sept. 2019 Executive Managing Director, Head of Corporate Planning Office (current position)</p>	26,665 shares
<p>[Reasons for nomination as candidate for Director] Hidehito Mori has fulfilled appropriate roles, including determining important management matters and supervising the execution of business, and has wide-ranging experience and advanced insight developed at a financial institution. Accordingly, the Company believes he is appropriately qualified as a Director.</p>			
4	Hiroyuki Yamano (December 9, 1967)	<p>May 1995 Joined the Company</p> <p>Nov. 2005 Representative Director, Kanto Watts Co., Ltd.</p> <p>Dec. 2007 General Manager of Business Division, the Company</p> <p>June 2008 Director, Watts Ohthree Sales Co., Ltd.</p> <p>Sept. 2009 Executive Managing Director</p> <p>Apr. 2014 General Manager of Merchandise Department, the Company</p> <p>Nov. 2015 Director and General Manager of Merchandise Department</p> <p>Apr. 2017 Director, Deputy General Manager of Business Division, and General Manager of Merchandise Department</p> <p>Sept. 2017 Director, General Manager of Business Division I, and General Manager of Merchandise Department</p> <p>Sept. 2019 Director, General Manager of Business Division, and General Manager of Merchandise Department</p> <p>Nov. 2019 Director and General Manager of Business Division (current position)</p>	59,501 shares
<p>[Reasons for nomination as candidate for Director] Hiroyuki Yamano has fulfilled appropriate roles, including determining important management matters and supervising the execution of business, and has abundant experience and knowledge, mainly developed through duties related to business oversight, merchandise strategy, etc. Accordingly, the Company believes he is appropriately qualified as a Director.</p>			

Candidate no.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
5	Masahiro Hirata (May 26, 1964)	<p>Apr. 1988 Joined Seiko Epson Corporation</p> <p>June 1999 Joined Nokia Japan Co., Ltd.</p> <p>Nov. 2000 Joined Pokka Corporation (currently POKKA SAPPORO Food & Beverage LTD.)</p> <p>Sept. 2005 General Manager of International Business Department</p> <p>Feb. 2013 Joined Ebara Foods Industry, Inc. Deputy General Manager of Overseas Business Division</p> <p>Nov. 2015 Joined the Company, Assistant to General Manager of Overseas Business Department Director and General Manager of Overseas Business Department</p> <p>Sept. 2017 Director, Deputy General Manager of Business Division I, and General Manager of Overseas Business Department</p> <p>Sept. 2019 Director, Deputy General Manager of Business Division, and General Manager of Overseas Business Department</p> <p>Nov. 2019 Director and General Manager of Overseas Business Department (current position)</p>	15,722 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>Masahiro Hirata has fulfilled appropriate roles, including determining important management matters and supervising the execution of business, and has wide-ranging knowledge and experience developed in manufacturing companies operating overseas. Accordingly, the Company believes he is appropriately qualified as a Director.</p>			

Candidate no.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
6	Masaya Kakumoto (April 30, 1973)	<p>Apr. 1997 Joined AUTOBACS SEVEN CO., LTD.</p> <p>Oct. 2003 Joined Ohthree Co., Ltd.</p> <p>Sept. 2008 Joined the Company</p> <p>Sept. 2011 Assistant to General Manager of Administration Department</p> <p>Apr. 2014 General Manager of Administration Department</p> <p>June 2015 General Manager of Business Strategy Department</p> <p>Sept. 2017 Deputy General Manager of Business Division I and General Manager of Business Strategy Department</p> <p>Nov. 2017 Director, Deputy General Manager of Business Division I, and General Manager of Business Strategy Department</p> <p>Sept. 2019 Director, Deputy General Manager of Business Division, and General Manager of Business Strategy Department</p> <p>Nov. 2019 Director and General Manager of Merchandise Department (current position)</p>	12,509 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>Masaya Kakumoto has fulfilled appropriate roles, including determining important management matters and supervising the execution of business. He has experience as General Manager of the Company's Administration Department, Business Strategy Department, and Merchandise Department, and has abundant experience and knowledge developed through his duties. Accordingly, the Company believes he is appropriately qualified as a Director.</p>			
7	Atsuo Kinugasa (April 26, 1959)	<p>Apr. 1981 Founded Kinugasa Shoten</p> <p>Mar. 1986 Established Ohthree, Ltd. Representative Director and President</p> <p>Nov. 1992 Organization changed to Ohthree Co., Ltd. (limited liability company to stock company) Representative Director and President</p> <p>Feb. 2007 Director, the Company</p> <p>Mar. 2007 Director and Deputy President</p> <p>Mar. 2012 Director, Deputy President, and Deputy General Manager of Business Division</p> <p>Nov. 2015 Director and Deputy President</p> <p>Nov. 2021 Director (current position)</p>	391,665 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>Atsuo Kinugasa has fulfilled appropriate roles, including determining important management matters and supervising the execution of business, and has abundant experience, achievements, and insight developed as a corporate manager over many years. Accordingly, the Company believes he is appropriately qualified as a Director.</p>			

- (Notes)
1. There is no special interest between any of the candidates and the Company.
 2. The Company has concluded a directors and officers liability insurance policy, as provided for in Article 430-3, paragraph (1) of the Companies Act, with an insurance company, with Directors as the insureds. An overview of the details of this insurance policy are provided on page 20 of the Business Report (Japanese only). If the election of each candidate is approved, the candidates will continue to be included as an insured in the policy.
In addition, when the policy is renewed, the Company plans to renew the policy with the same terms.

(Reference) Skill Matrix of Directors and Audit and Supervisory Committee Members

If Proposal No. 3 is passed as originally proposed, the composition of the Directors and Audit and Supervisory Committee Members of the Company, and their main knowledge and experience, will be as follows:

Name	Position and responsibility in the Company	Background						
		Corporate management	Personnel/human resources development	Finance/accounting	Risk management	Business strategy/marketing	Legal affairs	Internationality/diversity
Fumio Hiraoka	President and CEO Nomination and Compensation Committee Member Personnel Committee Member	○	○		○	○		○
Hiroshi Fukumitsu	Executive Managing Director, General Manager of Administration Division, and General Manager of Administration Department Nomination and Compensation Committee Member Personnel Committee Member	○	○	○	○		○	
Hidehito Mori	Executive Managing Director, Head of Corporate Planning Office Nomination and Compensation Committee Member Personnel Committee Member	○	○	○	○			○
Hiroyuki Yamano	Director and General Manager of Business Division Personnel Committee Member	○	○		○	○		
Masahiro Hirata	Director and General Manager of Overseas Business Department	○	○		○	○		○
Masaya Kakumoto	Director and General Manager of Merchandise Department	○		○	○	○		
Atsuo Kinugasa	Director	○			○	○		
Toru Nishioka	Independent Outside Director Audit and Supervisory Committee Member (full time) Nomination and Compensation Committee Member			○	○		○	
Yoshihiro Sakatani	Independent Outside Director Audit and Supervisory Committee Member Nomination and Compensation Committee Member			○	○		○	○
Yoshiko Hayashido	Independent Outside Director Audit and Supervisory Committee Member Nomination and Compensation Committee Member				○		○	○