

Note: Please note that the following is an unofficial English translation of Japanese original text of the Notice of Convocation of the 98th Ordinary General Meeting of Shareholders of HIRANO TECSEED Co., Ltd. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Securities Code 6245
June 6, 2022

Dear Shareholders

101-1 Kawai, Kawai-cho, Kitakatsuragi-gun, Nara



President Kaoru Okada

Convocation Notice of the 98th Ordinary General Meeting of Shareholders

We would like to express our sincere thanks for your continued support.

I hereby deliver this Convocation Notice of the 98th Ordinary General Meeting of Shareholders.

In order to prevent the spread of the novel coronavirus disease (COVID-19), we request that shareholder refrain from attending the General Meeting of Shareholders this year if possible and exercise voting rights via either postal mail or the internet in advance.

For details on exercising voting rights, please refer to the attached "Reference Documents for the General Meeting of Shareholders". In accordance with Page 3 "Guide to Exercising Voting Rights", please exercise your rights by 5pm JST June 24 (Friday) 2022.

Notes

1. Date and Time June 27 (Monday) 2022 at 10.00am (JST)
2. Place Company Headquarters, 101-1 Kawai, Kawai-cho, Kitakatsuragi-gun 636-0051 Nara
(Please refer to notes at the end)
3. Items
 1. Business Report, Consolidated Financial Statements, and Report by the Independent Auditor and Audit & Supervisory Committee for the 98th term (from April 1, 2021 to March 31, 2022)
 2. Non-consolidated Financial Statements for the 98th term (from April 1, 2021 to March 31, 2022)

Items to be
resolved

<Company proposals (Proposals 1 to 4)>

Proposal 1 Appropriation of Surplus

Proposal 2 Partial Amendments to the Articles of Incorporation

Proposal 3 Election of Eight (8) Directors (excluding Audit & Supervisory Committee Members)

Proposal 4 Election of Three (3) Audit & Supervisory Committee Members

<Shareholder proposals (Proposals 5 and 6)>

Proposal 5 Determination of Remuneration Under the Restricted Stock Compensation System

Proposal 6 Acquisition of the Company's Treasury Shares

A summary of shareholder proposals (Proposals 5 and 6) is provided in the attached Reference Documents for the General Meeting of Shareholders (Pages 15 to 17)

©If there are revisions to Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements, and Non-Consolidated Financial Statements, they will be posted on the Company's website (<https://www.hirano-tec.co.jp/>)

【Measures to prevent the spread of the novel coronavirus disease】

In order to prevent the spread of the novel coronavirus disease, we present the following guidelines.
We ask for shareholders understanding of and cooperation with these measures.

<Request to Shareholders>

- In order to prevent the spread of the novel coronavirus disease (COVID-19), we request that shareholders, regardless of their health condition, refrain from attending the General Meeting of Shareholders this year if possible and exercise voting rights via either postal mail or the internet in advance.

<Requests to Shareholders Attending the General Meeting of Shareholders>

- Please use the alcohol disinfecting spray and temperature check facilities placed in the reception area before entering the General Meeting of Shareholders' venue.
- Please wear a mask at all times inside the General Meeting of Shareholders' venue.
- In order to maintain a safe distance between seats, the number of seats inside the venue is limited. As a consequence, we may not be able to allow entry to everyone and ask for your understanding in this matter.

<Measures to be taken by the Company>

- All of the Directors and operating staff attending the General Meeting of Shareholders will wear masks.
- We request that any shareholder who seems to be unwell act in accordance with the instructions of operating staff, including requests to leave the venue, in order to prevent the spread of the virus.
- In the interest of time, the meeting will proceed with a summarized explanation to the floor of items to be reported (including the Report by the Independent Auditor) and the items to be resolved.
- The provision of a dedicated shuttle bus from JR Horyuji Station will be cancelled this year.

【Provision of gifts and food and drink at the General Meeting of Shareholders】

To ensure fairness between those shareholders able to attend and those not able to attend the General Meeting of Shareholders, the provision of gifts at the General Meeting of Shareholders will be cancelled this year. In addition, to prevent the spread of the virus, the provision of food and drink before the General Meeting of Shareholders will be cancelled this year. Thank you for your understanding.

We ask for your understanding and cooperation in all these matters.




Any changes to the hosting or schedule of the General Meeting of Shareholders will be posted on the Company's website (<https://www.hirano-tec.co.jp/>)



Guide to Exercising Voting Rights

The exercising of voting rights at a General Meeting of Shareholders is an important shareholder right. Please review the accompanying reference documents for the General Meeting of Shareholders and exercise your voting rights.

Voting rights can be exercised through one of the following three methods.

		
Exercise voting rights online	Exercise voting rights in writing (by postal mail)	Attend the General Meeting of Shareholders in person
Please vote for or against each proposal according to the instructions on the following page.	Please vote for or against each proposal on the enclosed Voting Rights Exercise Form and return it without a stamp on the envelope.	Please submit the enclosed Voting Rights Exercise Form at the reception desk.
Voting deadline <hr/> Voting must be completed by 5:00 p.m. JST on Friday, June 24, 2022	Voting deadline <hr/> The form must be received by 5:00 p.m. JST on Friday, June 24, 2022	Date and time <hr/> Monday, June 27, 2022 10:00 a.m. JST

How to fill out the Voting Rights Exercise Form

Example for filling out Voting Rights Exercise Form

<p>If you agree with the management proposal and the opinion of the Board of Directors of the Company</p> <p>Management Proposals</p> <table border="1"> <thead> <tr> <th>Proposal</th> <th colspan="2">For or Against</th> </tr> </thead> <tbody> <tr> <td>Proposal No. 1</td> <td style="text-align: center;">For</td> <td style="text-align: center;">Against</td> </tr> <tr> <td>Proposal No. 2</td> <td style="text-align: center;">For</td> <td style="text-align: center;">Against</td> </tr> <tr> <td rowspan="2">Proposal No. 3</td> <td style="text-align: center;">For</td> <td style="text-align: center;">Against</td> </tr> <tr> <td colspan="2" style="text-align: center;">Excluding</td> </tr> <tr> <td rowspan="2">Proposal No. 4</td> <td style="text-align: center;">For</td> <td style="text-align: center;">Against</td> </tr> <tr> <td colspan="2" style="text-align: center;">Excluding</td> </tr> </tbody> </table> <p>Shareholder Proposals</p> <table border="1"> <thead> <tr> <th>Proposal</th> <th colspan="2">For or Against</th> </tr> </thead> <tbody> <tr> <td>Proposal No. 5</td> <td style="text-align: center;">For</td> <td style="text-align: center;">Against</td> </tr> <tr> <td>Proposal No. 6</td> <td style="text-align: center;">For</td> <td style="text-align: center;">Against</td> </tr> </tbody> </table>	Proposal	For or Against		Proposal No. 1	For	Against	Proposal No. 2	For	Against	Proposal No. 3	For	Against	Excluding		Proposal No. 4	For	Against	Excluding		Proposal	For or Against		Proposal No. 5	For	Against	Proposal No. 6	For	Against	<p>If you disagree with the management proposal and the opinion of the Board of Directors of the Company</p> <p>Management Proposals</p> <table border="1"> <thead> <tr> <th>Proposal</th> <th colspan="2">For or Against</th> </tr> </thead> <tbody> <tr> <td>Proposal No.1</td> <td style="text-align: center;">For</td> <td style="text-align: center;">Against</td> </tr> <tr> <td>Proposal No.2</td> <td style="text-align: center;">For</td> <td style="text-align: center;">Against</td> </tr> <tr> <td rowspan="2">Proposal No.3</td> <td style="text-align: center;">For</td> <td style="text-align: center;">Against</td> </tr> <tr> <td colspan="2" style="text-align: center;">Excluding</td> </tr> <tr> <td rowspan="2">Proposal No.4</td> <td style="text-align: center;">For</td> <td style="text-align: center;">Against</td> </tr> <tr> <td colspan="2" style="text-align: center;">Excluding</td> </tr> </tbody> </table> <p>Shareholder Proposals</p> <table border="1"> <thead> <tr> <th>Proposal</th> <th colspan="2">For or Against</th> </tr> </thead> <tbody> <tr> <td>Proposal No.5</td> <td style="text-align: center;">For</td> <td style="text-align: center;">Against</td> </tr> <tr> <td>Proposal No.6</td> <td style="text-align: center;">For</td> <td style="text-align: center;">Against</td> </tr> </tbody> </table>	Proposal	For or Against		Proposal No.1	For	Against	Proposal No.2	For	Against	Proposal No.3	For	Against	Excluding		Proposal No.4	For	Against	Excluding		Proposal	For or Against		Proposal No.5	For	Against	Proposal No.6	For	Against
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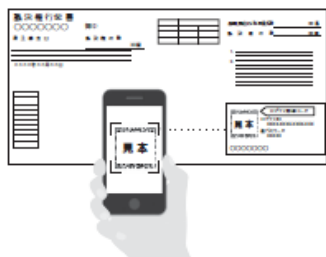
- If there is no indication of whether a shareholder is for or against each proposal, it will be deemed that the shareholder voted in favor of the management proposals and against the shareholder proposals.
- To indicate different intentions for some candidate(s) in Proposal No. 3 and Proposal No. 4, please enter the relative candidate number(s).
- If you vote both by postal mail and online, only the vote placed online will be deemed valid. If you vote multiple times online, only the last vote will be deemed valid.

How to vote online

How to scan the QR code

You can log in to the voting rights exercise site without entering the login ID or temporary password on the Voting Rights Exercise Form.

- 1 議決権行使書用紙に記載のQRコードを読み取ってください。



※「QRコード」は株式会社デンソーウェアの登録商標です。

- 2 以降は画面の案内に従って賛否をご入力ください。



QRコードを用いたログインは1回に限り可能です。
再行使する場合、もしくはQRコードを用いずに議決権を行使する場合は、右の「ログインID・仮パスワードを入力する方法」をご確認ください。

If you are unsure how to use your computer or smartphone to exercise your voting rights online, please contact the help desk on the right.

How to enter the login ID and temporary password

Voting rights exercise site <http://evote.tr.mufg.jp>
(in Japanese only)

- 1 議決権行使ウェブサイトへアクセスしてください。

- 2 議決権行使書用紙に記載された「ログインID・仮パスワード」を入力しクリックしてください。



「ログインID・仮パスワード」を入力
「ログイン」をクリック

- 3 新しいパスワードを登録する。



「新しいパスワード」を入力
「送信」をクリック

- 4 以降は画面の案内に従って賛否をご入力ください。

※操作画面はイメージです。

Help Desk, Stock Transfer Agency Department
Mitsubishi UFJ Trust and Banking
0120-173-027
(Toll free in Japan 9:00 a.m. - 9:00 p.m. JST)

Reference Documents for the General Meeting of Shareholders

<Management Proposals>

Proposals and References

Proposal No. 1 Appropriation of Surplus

The Company intends to allocate the surplus as follows, taking into account business results and the business environment in the fiscal year under review, while ensuring sufficient internal reserves.

Year-end dividend

- (1) Type of assets distributed as dividends
Cash
- (2) Allocation of dividend assets to shareholders and total amount
Per share of common stock ¥28 Total amount ¥421,758,876
- (3) Effective date for dividend
June 28, 2022

<Company proposals>

Proposal 2 Partial Amendments to the Articles of Incorporation

1. Reason for the amendments

In accordance with the amended provisions stipulated in a proviso to Article 1 of the Supplementary Provisions of the “Act for Partial Amendment of the Companies Act” (Act No. 70 of 2019), which will come into effect on September 1, 2022, the Company will make the following necessary amendments to its Articles of Incorporation in order to introduce a system for the electronic provision of materials for general meetings of shareholders.

1. Article 15 (Measures for electronic provision of information, etc.), Paragraph 1 of the proposed amendments is to be newly introduced, as the Company will be obliged to stipulate in its Articles of Incorporation that it will take measures for the electronic provision of the information contained in reference documents for general meetings of shareholders, etc.
2. Article 15 (Measures for electronic provision of information, etc.), Paragraph 2 of the proposed amendments is to be newly introduced in order to allow the scope of the matters described in the documents to be delivered to shareholders who have requested document delivery to be limited to the scope specified by the Ordinance of the Ministry of Justice, with respect to those matters for which measures for electronic provision of information are to be taken concerning the information contained in reference documents for general meetings of shareholders, etc.
3. Article 15 (Disclosure of reference documents for general meeting of shareholders, etc. via the Internet and deemed provision) of the current Articles of Incorporation is to be deleted, as its provisions will become unnecessary once the system of electronic provision of materials for general meetings of shareholders is introduced.
4. Supplementary provisions are to be established concerning the effectiveness of the above newly introduced and deleted provisions. These supplementary provisions shall be deleted after the appropriate period has elapsed.

2. Substance of the amendments

The proposed amendments are as follows.

(Amended parts are indicated by underlining)

Current Articles of Incorporation	Proposed Amendments
<p><u>(Disclosure of reference documents for general meeting of shareholders, etc. via the Internet and deemed provision</u></p> <p><u>Article 15. When convening a general meeting of shareholders, it shall be deemed that the Company has provided shareholders with necessary information that should be described or presented in reference documents for the general meeting of shareholders, business reports, and non-consolidated and consolidated financial statements, if they are disclosed via the Internet in accordance with the Ministry of Justice Ordinance.</u></p> <p>(Newly introduced)</p>	<p>(Deletion)</p> <p><u>Measures for electronic provision of information, etc.</u></p> <p><u>Article 15. ①When convening a general meeting of shareholders, the Company shall take measures for the electronic provision of information contained in reference documents for general meetings of shareholders, etc.</u></p> <p><u>②With respect to all or part of the matters for which measures for electronic provision of information are to be taken as specified by the Ordinance of the Ministry of Justice, the Company can elect not to include such matters in the documents to be delivered to shareholders who have made a request for document delivery by the record date for voting rights.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>Supplementary Provisions (Transitional measures concerning the exemption from liability for Auditors) Article 1 (Text abbreviated)</p> <p>(Newly introduced)</p>	<p>Supplementary Provisions (Transitional measures concerning the exemption from liability for Auditors) Article 1 (No change)</p> <p><u>(Transitional measures concerning the electronic provision of information, etc.)</u></p> <p><u>Article 2 ①The deletion or revision of Article 15 (Disclosure of reference documents for general meeting of shareholders, etc. via the Internet and deemed provision) and the introduction of Article 15 (Measures for electronic provision of information, etc.) of the Articles of Incorporation shall become effective as of September 1, 2022.</u></p> <p><u>②Notwithstanding the provisions of the preceding paragraph, Article 15 (Disclosure of reference documents for general meeting of shareholders, etc. via the Internet and deemed provision) of the Articles of Incorporation shall remain in effect for any general meeting of shareholders held on a date within six months from September 1, 2022.</u></p> <p><u>③The provisions of this Article shall be deleted after six months have elapsed from September 1, 2022, or three months have elapsed from the date of a general meeting of shareholders as specified in the preceding paragraph, whichever is later.</u></p>

<Management Proposal>

Proposal No. 3 Election of Eight Directors (excluding directors who are Audit and Supervisory Committee members)

The term of office of all eight (8) Directors (excluding Directors who are Audit and Supervisory Committee members) will expire at the conclusion of the Ordinary General Meeting of Shareholders. In that regard, the Company proposes the election of eight Directors (excluding Directors who are Audit and Supervisory Committee members).-

The Audit and Supervisory Committee has expressed the opinion that there are no matters which require particular mention regarding this proposal.

The candidates for Director (excluding Directors who are Audit and Supervisory Committee members) are as follows.

Candidate No.	Name (Age)	Career summary, positions, responsibilities, and significant concurrent positions
1	<p>Reappointment</p> <p>Kaoru Okada (63)</p> <p>【Number of Company shares held】 29,773</p> <p>【Attendance at Board of Directors Meetings】 18 of 18 (100%)</p>	<p>March 1981 Joined the Company</p> <p>July 2013 Deputy Manager, Design Department</p> <p>June 2014 Director</p> <p>June 2015 President and Representative Director (current position)</p> <p>< Significant concurrent positions ></p> <p>HIRANO K&E Co., Ltd. President and Representative Director</p> <p>【Reasons for nomination as a candidate for Director】</p> <p>Kaoru Okada has been primarily involved in Design and Production technology since he joined the Company, and has a wealth of experience and knowledge in the Manufacturing Department. The Company has determined that as a director, he is an appropriate person to supervise overall management, make sound decisions on important matters, and achieve the sustainable enhancement of corporate value. The Company therefore requests the reappointment of Mr. Okada as Director.</p>
2	<p>Reappointment</p> <p>Munenori Yasui (62)</p> <p>【Number of Company shares held】 12,312</p> <p>【Attendance at Board of Directors Meetings】 18 of 18 (100%)</p>	<p>March 1982 Joined the Company</p> <p>April 2007 Deputy Manager, General Affairs Department</p> <p>June 2012 Director</p> <p>June 2018 Managing Director</p> <p>April 2019 Managing Director, Supervisor of General Affairs and Production Departments, Manager of Quality Assurance Department (current position)</p> <p>< Significant concurrent positions ></p> <p>Hirano Giken Kogyo Co., Ltd. President & Representative Director</p> <p>【Reasons for nomination as a candidate for Director】</p> <p>Munenori Yasui has been primarily involved in the Production and General Affairs Departments since he joined the Company, and has experience in Production and Administrative operations. As the officer in charge of R&D, he has led new technology development. Mr. Yasui has management skills as the person in charge of a wide range of fields, and the Company has determined that he is an appropriate person to achieve the sustainable enhancement of corporate value. The Company therefore requests the reappointment of Mr. Yasui as Director.</p>
3	<p>Reappointment</p> <p>Tsugio Kaneko (61)</p> <p>【Number of Company shares held】 15,688</p> <p>【Attendance at Board of Directors Meetings】 18 of 18 (100%)</p>	<p>March 1983 Joined the Company</p> <p>April 2010 Deputy Manager, Design Department</p> <p>June 2013 Director, Manager of Machinery Department (current position)</p> <p>【Reasons for nomination as a candidate for Director】</p> <p>Tsugio Kaneko has held positions primarily in the Design Department since he joined the Company. In the Sales Department, as the person in charge he has led the sales strategy and worked to develop new markets, contributing to the stability of the Company's management base and earnings improvement. The Company has determined that Mr. Kaneko is an appropriate person to achieve the sustainable enhancement of corporate value, and requests his reappointment as Director.</p>

Candidate No.	Name (Age)	Career summary, positions, responsibilities, and significant concurrent positions
4	<p>Reappointment</p> <p>Fumikazu Okada (62)</p> <p>【Number of Company shares held】 14,777</p> <p>【Attendance at Board of Directors Meetings】 18 of 18 (100%)</p>	<p>March 1983 Joined the Company</p> <p>October 2012 Deputy Manager, Production Department</p> <p>June 2016 Director, Production Department Manager (current position)</p> <p>【Reasons for nomination as a candidate for Director】</p> <p>Fumikazu Okada has been primarily involved in the Production Department since he joined the Company. He has contributed to improvements in basic production technologies for machining and production technology, and has knowledge and experience as an administrator. The Company has determined that Mr. Okada is an appropriate person to achieve the sustainable enhancement of corporate value, and requests his reappointment as Director.</p>
5	<p>Reappointment</p> <p>Masashi Hara (57)</p> <p>【Number of Company shares held】 5,481</p> <p>【Attendance at Board of Directors Meetings】 18 of 18 (100%)</p>	<p>April 1989 Joined The Sanwa Bank, Ltd. (now MUFG Bank Ltd.)</p> <p>April 2014 Branch Manager, The Sanwa Bank Namba</p> <p>June 2017 Seconded to Hirano Tecseed Co., Ltd. as Deputy Manager, General Affairs Department</p> <p>April 2018 Joined the Company as Deputy Manager, General Affairs Department</p> <p>June 2018 Director, General Affairs Department Manager (current position)</p> <p>【Reasons for nomination as a candidate for Director】</p> <p>Masashi Hara has in-depth knowledge of finance and accounting from his extensive financial institution experience. In June 2018 he was appointed as a director, and fulfills his responsibilities appropriately in that capacity with his involvement in general administrative operations. The Company has determined that Mr. Hara is an appropriate person to achieve the sustainable enhancement of corporate value, and requests his reappointment as Director.</p>
6	<p>Reappointment</p> <p>Katsuhiro Omori (56)</p> <p>【Number of Company shares held】 11,081</p> <p>【Attendance at Board of Directors Meetings】 18 of 18 (100%)</p>	<p>March 1988 Joined the Company</p> <p>April 2016 Design Department Manager</p> <p>June 2018 Director, Design Department Manager (current position)</p> <p>【Reasons for nomination as a candidate for Director】</p> <p>Katsuhiro Omori has been primarily involved in the Design Department since he joined the Company, and has contributed to improvements in the Company's coating technologies through the development of various equipment. In June 2018 he was appointed as a director, and fulfills his responsibilities appropriately in that capacity as the Design Department Manager. The Company has determined that Mr. Omori is an appropriate person to achieve the sustainable enhancement of corporate value, and requests his reappointment as Director.</p>

Candidate No.	Name (Age)	Career summary, positions, responsibilities, and significant concurrent positions	
7		<p>April 1975 Joined New Japan Chemical Co., Ltd</p> <p>June 2004 President and Representative Director of New Japan Chemical Co., Ltd.</p> <p>June 2020 Chairman, New Japan Chemical Co., Ltd.</p> <p>June 2021 Outside Director of Hirano Tecseed Co., Ltd. (current position)</p>	
	Reappointment	< Significant concurrent positions >	
	<table border="1"> <tr> <td>Candidate for Outside Director</td> <td>Independent Director</td> </tr> </table>	Candidate for Outside Director	Independent Director
Candidate for Outside Director	Independent Director		
	<p>Mantaro Fujimoto (69)</p> <p>【Number of Company shares held】 400</p> <p>【Attendance at Board of Directors Meetings】 12 of 13 (92.3%)</p>	<p>【Reasons for nomination as a candidate for Outside Director and expected roles】</p> <p>Mantaro Fujimoto has served as President & Representative Director and as Chairman of New Japan Chemical Co., Ltd. and has extensive knowledge and experience in corporate management. He has a deep knowledge of the chemical industry and has been involved in Sales and Corporate Planning & Administration for many years. From this experience, he is able to oversee management, strengthen the Company's internal controls and provide objective advice and recommendations in order to achieve the sustainable enhancement of corporate value. The Company has determined that Mr. Fujimoto is able to perform his duties appropriately as an outside director and therefore nominates him as a candidate for Outside Director. He will have served as an Outside director for one year at the conclusion of the General Meeting of Shareholders.</p>	
8		<p>February 1985 Joined Toyo Tanso Co., Ltd.</p> <p>March 2016 President and Representative Director of Toyo Tanso Co., Ltd.</p> <p>May 2018 Resigned as President and Representative Director of Toyo Tanso Co., Ltd.</p> <p>May 2018 President and Representative Director of Ohwada Carbon Industry Co., Ltd.</p> <p>January 2019 Advisor to Ohwada Carbon Industry Co., Ltd.</p> <p>March 2020 Resigned from Ohwada Carbon Industry Co., Ltd.</p> <p>June 2021 Outside Director, Hirano Tecseed Co. Ltd. (current position)</p>	
	Reappointment		
	<table border="1"> <tr> <td>Candidate for Outside Director</td> <td>Independent Director</td> </tr> </table>	Candidate for Outside Director	Independent Director
Candidate for Outside Director	Independent Director		
	<p>Takashi Konishi (61)</p> <p>【Number of Company shares held】 None</p> <p>【Attendance at Board of Directors Meetings】 13 of 13 (100%)</p>	<p>【Reasons for nomination as a candidate for Outside Director and expected roles】</p> <p>Takashi Konishi served as President & Representative Director of Toyo Tanso Co., Ltd. and of Ohwada Carbon Industry Co., Ltd. and has extensive knowledge and experience in corporate management. For many years he has been involved in Technology, Quality Assurance, and Production departments, contributing to the enhancement of corporate value. From this experience, he is able to oversee management, strengthen the Company's internal controls and provide objective advice and recommendations in order to achieve the sustainable enhancement of corporate value. The Company has determined that Mr. Konishi is able to perform his duties appropriately as an Outside director and therefore nominates him as a candidate for Outside Director. He will have served as an Outside director for one year at the conclusion of the General Meeting of Shareholders.</p>	

(Note)

1. None of the candidates has any special interest relationship with the Company.
2. Mantaro Fujimoto and Takashi Konishi are candidates for Outside Director as stipulated in Article 2 Paragraph 3, Item 7 of the Regulations for Enforcement of the Companies Act.
3. Mantaro Fujimoto and Takashi Konishi satisfy the Criteria for Independence of Outside Directors as stipulated by the Tokyo Stock Exchange. If the reappointment of the two candidates is approved at the General Meeting of Shareholders, the Company will notify the Tokyo Stock Exchange that they are Independent Directors.
4. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has concluded an agreement with Mantaro Fujimoto and Takashi Konishi that limits their liability for damages due to neglect of duties. If their reappointment is approved at the General Meeting of Shareholders, the company plans to continue this agreement with them. The limit of liability based on the contract is the amount prescribed in the relevant laws and regulations.
5. Pursuant to the provisions of Article 430, Paragraph 3, Item 1 of the Companies Act, the Company has concluded a D&O liability insurance agreement with an insurance company. Under the agreement, if there is a claim against an insured party by a shareholder or a third party during the insurance period for damages incurred by individuals as a result of an act or omission in performing their duties as directors and officers of the Company, damages are covered by the insurance agreement.

The individuals covered by this insurance agreement are Directors and Corporate Auditors under the Companies Act. The Company bears the full insurance premium for all the insured persons.

There are reasons for exemption of coverage, such as damages caused by insured individuals' intentional violation of laws or criminal acts.

Each candidate who is elected and assumes office as Director will be included as insured persons covered in the agreement. When the D&O liability insurance agreement is due for renewal in October 2022, it is expected to be renewed with the same content.

<Management Proposal>

Proposal No. 4 Election of Three Directors who are Audit and Supervisory Committee Members

The terms of office of all three (3) directors currently serving as Audit and Supervisory Committee members (herein “auditors”) will expire at the conclusion of this Ordinary General Meeting of Shareholders. In that regard, the Company proposes the election of three directors who are Audit and Supervisory Committee members.

The Audit and Supervisory Committee has given its consent to this proposal.

The candidates for Director who are Audit and Supervisory Committee members are as follows.

Candidate No.	Name (Age)	Career summary, positions, responsibilities, and significant concurrent positions		
1	<p>Reappointment</p> <p>Kenji Tazawa (1960年6月28日生) (61)</p> <p>【Number of Company shares held】 9,000</p> <p>【Attendance at Board of Directors Meetings】 18 of 18 (100%)</p> <p>【Attendance at Audit and Supervisory Committee meetings】 14 of 14 (100%)</p>	<p>April 2011 Joined the Company</p> <p>April 2014 Deputy Manager, General Affairs Department</p> <p>June 2014 Full-time Corporate Auditor</p> <p>June 2016 Director and Audit and Supervisory Committee Member (full-time, current position)</p> <p>【Reasons for nomination as a candidate for Director who is a member of the Audit and Supervisory Committee】</p> <p>Kenji Tazawa has served as auditor since June 2014. Based on his experience and achievements, the Company has determined that he is able to audit the legality of the Company’s execution of business accurately, fairly, and efficiently, strengthen its audit system, and further improve the effectiveness of the Board of Directors’ decision-making and supervisory functions. Therefore, Mr. Tazawa has been nominated again as a candidate for Director who is a member of the Audit and Supervisory Committee.</p>		
2	<p>Reappointment</p> <table border="1" style="margin-left: 20px;"> <tr> <td style="padding: 2px;">Candidate for Outside Director</td> <td style="padding: 2px;">Independent Director</td> </tr> </table> <p>Kazumitsu Takaya (1958年12月1日生) (63)</p> <p>【Number of Company shares held】 None</p> <p>【Attendance at Board of Directors Meetings】 18 of 18 (100%)</p> <p>【Attendance at Audit and Supervisory Committee meetings】 14 of 14 (100%)</p>	Candidate for Outside Director	Independent Director	<p>March 1989 Registered as a certified public accountant</p> <p>August 1992 Registered as a certified public tax accountant</p> <p>March 2004 Established Takaya CPA office (current position)</p> <p>December 2004 Representative Partner, Nexus Audit Corporation (current position)</p> <p>June 2006 Auditor, Hirano Tecseed Co., Ltd.</p> <p>June 2016 Outside Director and Audit & Supervisory Committee Member (current position)</p> <p>< Significant concurrent positions ></p> <p>Nexus Audit Corporation Representative Partner</p> <p>Nippon Pillar Packing Co. Ltd. Outside Director (Audit and Supervisory Committee member)</p> <p>【Reasons for nomination as a candidate for Outside Director who is a member of the Audit and Supervisory Committee】</p> <p>Kazumitsu Takaya has a high level of expertise and extensive experience as a certified public accountant, and from his professional viewpoint he provides objective advice and recommendations that contribute to the improvement of management transparency and corporate governance. He has never been involved in corporate management except as an outside officer, but for the above reasons it has been determined that he can properly perform his duties as a director who is a member of the Audit and Supervisory Committee. Therefore, Mr. Takaya has been nominated again as a candidate for Outside Director who is a member of the Audit and Supervisory Committee. He will have served as an Outside director for six years at the conclusion of this General Meeting of Shareholders.</p>
Candidate for Outside Director	Independent Director			

Candidate No.	Name (Age)	Career summary, positions, responsibilities, and significant concurrent positions		
3	<p style="text-align: center;">Reappointment</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding: 2px;">Candidate for Outside Director</td> <td style="padding: 2px;">Independent Director</td> </tr> </table> <p style="text-align: center;">Junko Tsuji (1964年8月25日生) (57)</p> <p>【Number of Company shares held】 None</p> <p>【Attendance at Board of Directors Meetings】 18 of 18 (100%)</p> <p>【Attendance at Audit and Supervisory Committee meetings】 14 of 14 (100%)</p>	Candidate for Outside Director	Independent Director	<p>October 2000 Registered as an attorney at law</p> <p>October 2012 Registered as a patent attorney</p> <p>April 2015 Established Tsuji Law & Patent Office (current position)</p> <p>March 2017 Member of the Industrial Property Council, Japan Patent Office (current position)</p> <p>June 2017 Member of the Japan Federation of Bar Associations' (JFBA) Committee on Intellectual Property Rights (current position)</p> <p>April 2019 Member of the Cabinet Secretariat's Expert Panel for the Promotion of Health and Medical Care Strategies (current position)</p> <p>June 2019 Outside Director and Audit and Supervisory Committee Member (current position)</p> <p>< Significant concurrent positions ></p> <p style="padding-left: 20px;">Tsuji Law & Patent Office Representative</p> <p>【Reasons for nomination as a candidate for Director who is a member of the Audit and Supervisory Committee】</p> <p>Junko Tsuji has a high level of expertise as a lawyer and patent attorney and a wealth of experience serving as a member of various expert committees. From her professional viewpoint she provides objective advice and recommendations that contribute to the improvement of management transparency and corporate governance. She has never been involved in corporate management except as an outside officer, but for the above reasons it has been determined that she can properly perform her duties as a director who is a member of the Audit and Supervisory Committee. Therefore, Ms. Tsuji has been nominated again as a candidate for Director who is a member of the Audit and Supervisory Committee. She will have served as an Outside director for three years at the conclusion of this General Meeting of Shareholders.</p>
Candidate for Outside Director	Independent Director			

(Note)

1. None of the candidates has any special interest relationship with the Company.
2. The Company has notified the Tokyo Stock Exchange (TSE) that Kazumitsu Takaya and Junko Tsuji are independent directors as stipulated by the TSE. If they are reappointed as directors who are members of the Audit and Supervisory Committee, the Company will notify the TSE.
3. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has concluded an agreement with Kenji Tazawa, Kazumitsu Takaya, and Junko Tsuji that limits their liability for damages due to the neglect of duties. If they are reappointed, the Company plans to continue this agreement with them. The limit of liability based on the contract is the amount prescribed in the relevant laws and regulations.

<Reference>

If Proposals No. 3 and No. 4 are approved at the General Meeting of Shareholders, the skills matrix in the Company's management structure will be as follows.

Name	Position	Independent	Expertise and Experience					
			Corporate Management	Sales	Finance & Accounting	Development & Production	Legal	International Experience
Kaoru Okada	President & Representative Director		○	○		○		
Munenori Yasui	Managing Director		○			○	○	
Tsugio Kaneko	Director			○		○		
Fumikazu Okada	Director					○		○
Masashi Hara	Director				○		○	
Katsuhiro Omori	Director					○		○
Mantaro Fujimoto	Outside Director	●	○	○				
Takashi Konishi	Outside Director	●	○			○		
Kenji Tazawa	Outside Director (Audit & Supervisory Committee Member)				○		○	
Kazumitsu Takaya	Outside Director (Audit & Supervisory Committee Member)	●			○			
Junko Tsuji	Outside Director (Audit & Supervisory Committee Member)	●					○	

(Note) The above does not indicate all areas of expertise and knowledge of each candidate.

Proposal 5 and Proposal 6 are proposals from individual shareholders (hereinafter “proposal shareholder”). The summary of the proposals of shareholders and the reasons thereof have been translated from the original document.

<Shareholder proposal>

Proposal 5 Determination of Remuneration Under the Restricted Stock Compensation System

(1) Summary of proposal

The remuneration amount for the Company’s Directors (excluding directors who are members of the Audit & Supervisory Committee) was set at an annual amount of ¥120 million or less (not including the salaries of those serving concurrently as an employee and director) and the amount for directors who are members of the Audit & Supervisory Committee was set at an annual amount of ¥40 million or less at the ordinary general meeting of shareholders of June 26, 2019. However, with the aim of incentivizing the directors to continually seek to raise the corporate value and to further improve the shared values between directors and shareholders, separately to this limit, a monetary remuneration claim should be established for the Restricted Stock Compensation System under which directors can be awarded up to 60,000 shares with a maximum value of ¥120 million per year and directors who are members of the Audit & Supervisory Committee up to 20,000 shares with a maximum value of ¥40 million per year. Restrictions on the transfer of the stock should last for three years from the date of the award. The details on the timing and distribution should be decided by the Board of Directors, but a Restricted Stock Compensation System should be introduced and implemented in the Company with a three-year limit on stock transfer as an earnings-linked incentive system to reward directors for meeting earnings benchmarks equivalent to three times their fixed remuneration amounts on a cumulative basis.

(2) Reasons for Proposal

Although the Company already has a Restricted Stock Compensation System (hereinafter “this system”), the limits are set at a low level, and it cannot be said to fully represent the shared values of directors and shareholders. I believe that this system should be expanded to not only cover all directors (including directors who are members of the Audit & Supervisory Committee), but also to cover all the top 20 management executives including executive officers. In addition, I propose that the executives covered by this system should be eligible to receive restricted stock with the restrictions on transfer of three years with a value equivalent to three times fixed remuneration and bonuses on a cumulative basis. As noted in the Ministry of Economy, Trade and Industry’s “Guidebook for Introducing Incentive Plans for Sustainable Corporate Growth as Board Members’ Remuneration to Promote Proactive Business Management,” first published in April 2014 and subsequently revised on numerous occasions, stock-based remuneration for executives is desirable as an appropriate and effective way of encouraging management from a shareholder perspective and incentivizing efforts to raise medium- to long-term performance.

◇Opinion of the Board of Directors on the above shareholder's proposal

The Board of Directors OPPOSES this shareholder's proposal

The Company's basic policy on director remuneration is to appropriately reward each management position, deciding remuneration for each director based on a remuneration system linked to shareholder profit in order to adequately incentivize the continual raising and improvement of the Company's corporate value.

Specifically, remuneration for executive directors who are not members of the Audit & Supervisory Committee is comprised of a base remuneration in the form of a fixed remuneration which is determined according to recent earnings and of stock-based remuneration, while remuneration for outside directors with auditing functions is solely in the form of a base remuneration consistent with their duties. In addition, remuneration for directors who are members of the Audit & Supervisory Committee is decided through the discussions with directors who are members of the Audit & Supervisory Committee to reflect their auditing responsibilities and management roles.

In respect to stock-based remuneration, it was decided at the ordinary general meeting of shareholders of June 2019 to abolish the system of directors' retirement bonuses and introduce the Restricted Stock Compensation System with the aim of incentivizing the directors (excluding outside directors and directors who are members of the Audit & Supervisory Committee) to continually seek to raise corporate value and to further improve shared values between directors and shareholders. In accordance with the introduction of this system, the appropriacy of the overall level of remuneration is considered with reference to data collected and analyzed on directors' remuneration from external research agencies.

In addition, in order to ensure objectivity and fairness in directors' remuneration, the company has established a Remuneration Committee as an advisory body to the Board of Directors, chaired by an independent outside director and comprised of a majority of independent outside directors, which studies matters related to directors' remuneration including the reasonableness and appropriateness of the Restricted Stock Compensation System and the necessity for reform (such as the introduction of a more active performance-linked remuneration system).

Furthermore, the fixed basic remuneration is decided with reference to the aforementioned data on directors' remuneration and takes into account the roles and responsibilities demanded of each director. The total amount of a monetary remuneration claim to support the Restricted Stock Compensation System which is sufficient to achieve the stated objective and to pay the current level of directors' remuneration while considering the balance with the fixed basic remuneration based on the aforementioned data on directors' remuneration is set to within ¥40 million per year (not including the salaries of those serving concurrently as an employee and director), with up to 50,000 shares of the Company's ordinary shares being delivered as restricted stock (with this upper limit to be adjusted in a reasonable fashion in the case of a stock split, etc.), and this was approved at the ordinary general meeting of shareholders of June 2019.

Under this remuneration system, we believe that the shareholder's proposal for directors (excluding directors who are members of the Audit & Supervisory Committee) to be awarded up to 60,000 shares with a maximum value of ¥120 million per year and directors who are members of the Audit & Supervisory Committee who are currently not covered by this system to be awarded up to 20,000 shares with a maximum value of ¥40 million per year would lack balance with basic remuneration set in place and would also significantly diverge from the Company's basic policy on directors' remuneration, and we believe it would create an excessive remuneration structure that is heavily at odds with the balance with stakeholders given the size of the Company and its operating income level.

Moreover, the shareholder's proposal calls for the introduction of a Restricted Stock Compensation System that covers all directors, including directors who are members of the Audit & Supervisory Committee, but the Company's policy is for directors who are members of the Audit & Supervisory Committee not to be included in the Restricted Stock Compensation System owing to the expectation that they oversee and supervise the business execution of the Board of Directors and work to strengthen the auditing functions of management by the Board of Directors.

As a result of these points, the Board of Directors opposes this shareholder's proposal.

<Shareholder proposal>

Proposal 6 Acquisition of the Company's Treasury Shares

(1) Summary of proposal

Pursuant to Article 156, Paragraph 1 of the Companies Act of Japan, the Company shall within one year of the conclusion of this ordinary general meeting of shareholders exchange its ordinary stock for cash up to a limit of 1,500,000 total shares and an acquisition cost of ¥3,000,000,000.

(2) Reason for proposal

With the aim of expanding shareholder returns and improving capital efficiency, the Company should acquire around 10% of the Company's total number of issued shares (excluding treasury shares) and retire them in accordance with Article 178 of the Companies Act.

◇Opinion of the Board of Directors on the above shareholder's proposal

The Board of Directors OPPOSES this shareholder's proposal

The Company pursues balance between financial soundness, capital efficiency, and shareholder returns, while also aiming to raise corporate value through capital investment in the development of new businesses, growth investment in areas such as operating alliances and M&As, and improvement in capital efficiency to grow profits.

In addition, distribution of profits is conducted with the aim of maintaining a certain level of consolidated dividend payouts, while also deciding a dividend for each fiscal year that maintains a stable dividend level without excessively relying on profit in any one fiscal year given the characteristics and significant volatility in the Company's business and based on the forecasts of business conditions and the financial situation in the medium- to long term. Moreover, the Company maintains retained earnings as core funds for developing new technologies that have strong long-term prospects, as well as expanding businesses and improving efficiency and labor saving in the management structure, all with the aim of strengthening the corporate structure and boosting competitiveness.

Under these basic policies, the Company has made continuous returns to shareholders as shown in the table below and, for FY2021, plans to pay an annual dividend of ¥56 per share (a consolidated annual dividend payout ratio of 27.2%, compared to a consolidated annual dividend payout ratio of more than 25% between FY2018 and FY2020).

Furthermore, the Company has formulated a medium-term business plan for FY2021 to FY2023 with a financial target of an ordinary profit margin of at least 10%, and based on a firm understanding of the Company's capital costs, the plan includes detailed measures such as revising the business portfolio to achieve the basic policies and targets for areas such as earning capability and capital efficiency and investing in equipment and human resources, all with a focus on future social and economic trends.

The Company is aware that the acquisition of the Company's treasury shares is one effective form of shareholder returns, but believes it should take a flexible approach to decisions and execution of such moves, taking into account the state of the share price and its finances at the time, capital policies, the earnings forecast, undisclosed material facts, and its plans for investment in growth, and that any execution done in haste has the potential to result in harm to shareholder profits.

The above shareholder's proposal for the acquisition of the Company's treasury shares would require a level of net income much higher than the ¥2.6 billion forecast for FY2022 and appears to be based only on a short-term viewpoint. If this proposal were to be adopted, we believe it would damage the aforementioned funds for growth investment thus potentially slowing the medium- to long-term growth of the Company and its corporate value, while also threatening its financial stability, resulting in harm to shareholder profits.

As a result of these points, the Board of Directors opposes this shareholder's proposal.

(Reference) Historical DPS

	FY2016	FY2017	FY2018	FY2019	FY2020
Full-year DPS	¥28	¥30	¥45	¥46	¥37