

This English translation is made for reference purposes only, and in the event of any discrepancies between this and the Japanese version, the Japanese version shall prevail.

Securities Code: 7979

June 9, 2020

To Our Shareholders:

11 Fukuinekamitakamatsu-cho,
Higashiyama-ku, Kyoto
SHOFU INC.
Noriyuki Negoro
President & CEO

Notice of Convocation of the 148th Ordinary Shareholders' Meeting

You are cordially invited to attend the 148th Ordinary Shareholders' Meeting of Shofu Inc. (the "Company") to be held on June 24, 2020 (Wednesday) as set forth below.

Sincerely yours,

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| 1. Date and Time: | Wednesday, June 24, 2020 at 10:00 a.m. (registration opens at 9:00 a.m.) |
| 2. Venue: | Shofu Inc. (Headquarters Kosei-Kan)
11 Fukuinekamitakamatsu-cho, Higashiyama-ku, Kyoto, Japan |
| 3. Purposes: | |
| Items to be reported: | <ol style="list-style-type: none">1. The business report, the consolidated financial statements and the results of consolidated financial statement audits by the Accounting Auditor and the Board of Auditors for the 148th fiscal year (from April 1, 2019 to March 31, 2020)2. The non-consolidated financial statements for the 148th fiscal year (from April 1, 2019 to March 31, 2020) |
| Items to be resolved: | |
| Agenda No. 1: | Partial Amendment to the Articles of Incorporation |
| Agenda No. 2: | Election of Seven (7) Directors |
| Agenda No. 3: | Election of One (1) Director |
| Agenda No. 4: | Election of One (1) Director |
| Agenda No. 5: | Election of Two (2) Auditors |
| Agenda No. 6: | Election of One (1) Substitute Auditor |

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- Please submit the enclosed voting form at the reception desk when attending the Meeting in person.
 - If you are unable to attend the Meeting in person, you may exercise your voting rights in writing. Please review the Reference Materials for the Ordinary Shareholders' Meeting attached below, indicate "for" or "against" on each agenda item on the enclosed voting form, and post it to arrive by no later than 5:00 p.m. on Tuesday, June 23, 2020.
 - If you exercise your voting rights at the Meeting through a proxy, the proxy must be a shareholder of the Company. In addition, the proxy must be limited to one person. If your proxy attends the Meeting, he or she is required to submit your voting form as a shareholder, as well as a letter of proxy authorization, at the reception desk.
 - Pursuant to laws and regulations, and Article 16 of the Company's Articles of Incorporation, among the materials to be provided with this Notice of Convocation, the consolidated statement of changes in shareholders' equity and notes to the consolidated financial statements, as well as the non-consolidated statement of changes in shareholders' equity and notes to the non-consolidated financial statements, are not attached to this Notice of Convocation, but are posted on the Company's website (<https://www.shofu.co.jp/ir/contents/hp1330/index.php?No=913&CNo=1330>). The consolidated statement of changes in shareholders' equity, notes to the consolidated financial statements, non-consolidated statement of changes in shareholders' equity, and notes to the non-consolidated financial statements were audited as part of consolidated financial statements and non-consolidated financial statements when the Accounting Auditor and the Board of Auditors prepared the audit report.
 - In the event of a situation arising whereby a revision must be made by the day prior to the Meeting to the reference materials for the Meeting, the business report, the financial statements or the consolidated financial statements, notification shall be provided through publication on the Company's website.
 - If the venue becomes full, you will be guided to our second venue, etc.; we ask for your understanding and thank you for your cooperation.

Reference Materials for the Ordinary Shareholders' Meeting

Meeting Agenda and Referential Matters

Agenda No. 1: Partial Amendment to the Articles of Incorporation

1. Reason for the Proposal

In order to enhance the management system and the corporate governance system, the number of directors as prescribed in Article 18 of the current Articles of Incorporation shall be amended from up to 8 (eight) to up to 9 (nine).

2. Content of the Amendment

The content of the amendment is as follows.

(Amended text is indicated by underlining)

Current Articles of Incorporation	Proposed Amendment
(Number of Directors) Article 18 – The company shall have up to <u>8 (eight)</u> directors.	(Number of Directors) Article 18 – The company shall have up to <u>9 (nine)</u> directors.

Agenda No. 2 Election of Seven (7) Directors

The terms of office of eight (8) Directors – Noriyuki Negoro, Wataru Fujishima, Takashi Chikamochi, Fumitaka Yamazaki, Mikito Deguchi, Kazuhiko Murakami, Kiichi Suzuki and Kenji Nishida – will expire upon the close of this Ordinary Shareholders' Meeting. Accordingly, the election of seven (7) Directors is proposed.

The candidates for Director are as follows.

Candidate Number	Name	Current Position and Responsibilities at the Company
1	[Reappointment] Noriyuki Negoro	Representative Director, President & Chief Executive Officer
2	[Reappointment] Wataru Fujishima	Representative Director, Executive Vice President, Finance, Personnel, General Affairs and Nail Business
3	[Reappointment] Fumitaka Yamazaki	Director, Managing Executive Officer, Corporate Planning
4	[Reappointment] Kazuhiko Murakami	Director, Managing Executive Officer, International
5	[Reappointment] Kiichi Suzuki [Outside Director] [Independent Officer]	Director
6	[Reappointment] Kenji Nishida [Outside Director] [Independent Officer]	Director
7	[New Appointment] Daizo Nishimura [Outside Director] [Independent Officer]	-

Candidate No.

1

Noriyuki Negoro

Date of Birth : March 9, 1956

Number of Company shares held: 66,501 shares

Re-Appointment

Brief profile, positions, responsibilities and significant concurrent positions

March 1981	Joined the Company	April 2009	Managing Director, Research & Development, Quality Assurance and Production
June 2003	Director		
	General Manager, Research & Development Department	June 2009	President (Representative Director)
July 2007	Managing Director		
	General Manager, Research & Development Department	June 2015	Representative Director, President & Chief Executive Officer (to present)
June 2008	Managing Director, Research & Development, Quality Assurance and Production		
	General Manager, Research & Development Department		

Reasons for nomination as a candidate for Director

Mr. Noriyuki Negoro has been committed to the development of a variety of products at the research & development department since joining the Company and has gained experience as director in charge of research & development, quality assurance and production, through which he has become familiar with specialties and services in the Company's business. He has demonstrated leadership since assuming the position of President (Representative Director), setting forth and realizing a vision for the Company, which has resulted in both the growth of business and improvements in performance.

He has been nominated as a candidate for Director because we have determined that he can make the appropriate decisions and provide supervision for the ongoing growth and improvement in corporate value of the Group.

Candidate No.

2

Wataru Fujishima

Date of Birth : August 26, 1954

Number of Company shares held: 37,895 shares

Re-Appointment

Brief profile, positions, responsibilities and significant concurrent positions

March 2009	Joined the Company	April 2015	Senior Managing Director
April 2009	General Manager, Finance Department		(Representative Director), Finance, Personnel, General Affairs and Nail Business
June 2011	Executive Officer		General Manager, Nail Business Department
June 2012	Managing Director, Finance, Personnel, General Affairs and Corporate Planning	June 2015	Representative Director
June 2013	Managing Director, Finance, Personnel, General Affairs and Nail Business		Senior Managing Executive Officer, Finance, Personnel, General Affairs and Nail Business
June 2014	Senior Managing Director (Representative Director), Finance, Personnel, General Affairs and Nail Business	April 2016	Representative Director
December 2014	Senior Managing Director (Representative Director), Finance, Personnel, General Affairs and Nail Business	June 2018	Representative Director, Executive Vice President, Finance, Personnel, General Affairs and Nail Business (to present)

Reasons for nomination as a candidate for Director

Mr. Wataru Fujishima has a proven track record as a director in charge of nail business in addition to serving as a director of the management department since joining the Company. Recently, he has assumed the prominent position of Representative Director. He has been nominated as a candidate for Director because of such achievements as those listed above.

Candidate No. Fumitaka Yamazaki**3**

Date of Birth : May 27, 1961

Number of Company shares held: 24,263 shares

Re-Appointment**Brief profile, positions, responsibilities and significant concurrent positions**

March 1981	Joined the Company	June 2013	Director, Corporate Planning
April 2008	General Manager, Corporate Planning Department	June 2015	Director
June 2011	Executive Officer		Managing Executive Officer, Corporate Planning (to present)
	General Manager, Corporate Planning Department		

Reasons for nomination as a candidate for Director

Mr. Fumitaka Yamazaki has been a member of the management and corporate planning department since joining the Company, and has currently assumed the prominent position of director in charge of general planning. He has been nominated as a candidate for Director because of such achievements as those listed above.

Candidate No. Kazuhiko Murakami**4**

Date of Birth : April 26, 1958

Number of Company shares held: 21,089 shares

Re-Appointment**Brief profile, positions, responsibilities and significant concurrent positions**

March 1981	Joined the Company	June 2017	Director
April 2011	General Manager, International Department		Managing Executive Officer
			General Manager, International Department
June 2015	Executive Officer		Director
	General Manager, International Department	April 2018	Managing Executive Officer, International (to present)

Reasons for nomination as a candidate for Director

Mr. Kazuhiko Murakami has been a member of the finance department and subsequently the international department since joining the Company, and has currently assumed the prominent position of director in charge of international business. He has been nominated as a candidate for Director because of such achievements as those listed above.

Candidate No. Kiichi Suzuki

5

Date of Birth : May 23, 1949

Number of Company shares held: 13,962 shares

Re-Appointment

Outside Director

Independent Officer

Brief profile, positions, responsibilities and significant concurrent positions

April 1973	Joined Mitsui Toatsu Chemicals, Inc. (Now Mitsui Chemicals, Inc.)	April 2013	Director of Mitsui Chemicals, Inc. (retired in June 2013)
June 2003	Executive Officer of Mitsui Chemicals, Inc.		Representative Director and Chairman of Mitsui Chemicals Agro, Inc.
April 2007	Managing Executive Officer of Mitsui Chemicals, Inc.	April 2015	Senior Advisor to Mitsui Chemicals Agro, Inc. (retired in June 2017)
June 2007	Managing Director of Mitsui Chemicals, Inc.	June 2015	Director of the Company (to present)
June 2009	Senior Managing Director of Mitsui Chemicals, Inc.		
April 2012	Director Senior Managing Executive Officer of Mitsui Chemicals, Inc.		

Reasons for nomination as a candidate for Outside Director

Mr. Kiichi Suzuki is a candidate for Outside Director. He is expected to exercise his excellent judgment on the basis of his extensive experience as a corporate manager in business operations. He has served as Outside Director of the Company for 5 years.

Candidate No. Kenji Nishida

6

Date of Birth : May 5, 1947

Number of Company shares held: 19,672 shares

Re-Appointment

Outside Director

Independent Officer

Brief profile, positions, responsibilities and significant concurrent positions

July 1972	Joined Chuo Accounting Firm (retired in May 1982)	June 2001	Auditor of the Company
December 1975	Registered as a Certified Public Accountant	June 2015	Director of the Company (to present)
May 1982	Opened Kenji Nishida Certified Public Accountant Office (to present)		

Reasons for nomination as a candidate for Outside Director

Mr. Kenji Nishida is a candidate for Outside Director. He is expected to appropriately perform the duties of Outside Director due to his thorough knowledge of finance and accounting as a certified public accountant with excellent judgment regarding business administration. He has served as Outside Auditor for 14 years and Outside Director for 5 years.

Candidate No.

Daizo Nishimura

7

Date of Birth : May 5, 1959

Number of Company shares held: 0 shares

New Appointment

Outside Director

Independent Officer

Brief profile, positions, responsibilities and significant concurrent positions

October 1987	Joined Audit Firm Asahi Shinwa Accounting Company (Now KPMG AZSA LLC) (Retired in October 1990)	April 1994	Registered as a Tax Accountant
March 1991	Registered as a Certified Public Accountant	January 1998	Opened Daizo Nishimura Tax Accounting Office (to present)
	Opened Nishimura Certified Public Accountant Office (to present)	March 2004	Member, Ohtemae Audit Corporation
		June 2012	Representative Member, Ohtemae Audit Corporation (to present)
			Auditor, Kyoto Sangyo University (Retired in May 2020)

Reasons for nomination as a candidate for Outside Director

Mr. Daizo Nishimura is a candidate for Outside Director. He is expected to appropriately perform the duties of Outside Director due to his thorough knowledge of finance and accounting as a certified public accountant and tax accountant with excellent judgment regarding business administration.

- (Notes) 1. There are no special-interest relationships between any of the candidates and the Company.
2. The Company has concluded agreements with Mr. Kiichi Suzuki and Mr. Kenji Nishida, which limit their liability for damages, as specified in Article 423, Paragraph 1 of the Companies Act, to the amount prescribed in laws and regulations, and will continue to maintain said limited liability agreements with them.
3. In the event of Mr. Daizo Nishimura being appointed outside director, the Company plans to conclude an agreement with Mr. Nishimura that limits his liability for damages, as specified in Article 423, Paragraph 1 of the Companies Act, to the amount prescribed in laws and regulations.
4. Mr. Kiichi Suzuki and Mr. Kenji Nishida satisfy the requirements for independent officers in accordance with the provisions set forth by the Tokyo Stock Exchange, Inc. The Company has registered Mr. Suzuki and Mr. Nishida as the Company's independent officers with the Tokyo Stock Exchange.
5. Mr. Daizo Nishimura satisfies the requirements for independent officers in accordance with the provisions set forth by the Tokyo Stock Exchange, Inc. In the event of Mr. Daizo Nishimura being appointed outside director, the Company plans to register Mr. Nishimura as the Company's independent officer with the Tokyo Stock Exchange.

Agenda No. 3 Election of One (1) Director

On the condition of the completion of the payment for the third-party allotment of shares to Mitsui Chemicals, Inc., as resolved at the meeting of the Board of Directors of the Company held on May 14, 2020, in order to strengthen the partnership with the said company, and in order to accept the dispatching of a director from the said company, we propose the election of one (1) director.

The candidate for Director is as follows.

Yoshiyuki Nakajima

Date of Birth : November 11, 1961

Number of Company shares held: 0 shares

Brief profile, positions, responsibilities and significant concurrent positions

New Appointment

April 1986	Joined Mitsui Toatsu Chemicals, Inc. (Now Mitsui Chemicals, Inc.) Life Science Laboratory	June 2015	Director, Sun Medical Co., Ltd. (to present)
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Outside Director

April 2015	Mitsui Chemicals, Inc., General Manager, H-Project Office (to present) MC Dental Holdings International, LLC Business Executor (to present)
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Reasons for nomination as a candidate for Outside Director

Mr. Yoshiyuki Nakajima is a candidate for Outside Director. He has deep knowledge in the healthcare field, particularly in dentistry, gained through his work at Mitsui Chemicals, Inc., which is a major business partner. In the future, at the Board of Directors' Meetings, etc., he will provide advice and guidance for the Company's management, and in addition, his experience, etc. will be useful for the supervision of the Company's management. Therefore, the Company has made him a candidate for outside director.

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- (Notes) 1. Mr. Yoshiyuki Nakajima has assumed the office of a director of Sun Medical Co., Ltd., which is engaged in the manufacture and sale of dentistry materials similar to the Company. It should be noted that the Company plans to acquire 20% of the total number of issued shares of Sun Medical Co., Ltd., on June 15, 2020, and if the acquisition of shares is completed, then the said company will fall within a Specified Associated Service Provider of the Company.
2. In the event of Mr. Yoshiyuki Nakajima being appointed outside director, the Company plans to conclude an agreement with Mr. Nakajima that limits his liability for damages, as specified in Article 423, Paragraph 1 of the Companies Act, to the amount prescribed in laws and regulations.

Agenda No. 4 Election of One (1) Director

On the condition of the approval of the partial amendment to the Articles of Incorporation in Agenda No. 1 as proposed, in order to strengthen the management system, the Company will add one (1) director, and therefore proposes the election of one (1) director.

The candidate for Director is as follows.

New Appointment

Tetsuo Takami

Date of Birth : June 22, 1960

Number of Company shares held: 8,642 shares

Brief profile, positions, responsibilities and significant concurrent positions

March 1983	Joined the Company	April 2018	Executive Officer, General
June 2012	General Manager, Sales Department		Manager of Sales Department
			General Manager of Tokyo Branch
April 2015	General Manager, Sales Department, Tokyo Branch	April 2019	Executive Officer, General
June 2015	Executive Officer, General Manager, Sales Department, Tokyo Branch	June 2019	Manager of Sales Department
			Managing Executive Officer, General Manager, Sales Department (to present)

Reasons for nomination as a candidate for Director

Since joining the Company, Mr. Tetsuo Takami has worked at the Sales Department, and currently plays an important role as Managing Executive Officer, General Manager of Sales Department. He has been highly evaluated, and therefore the Company nominates him as a candidate for Director.

(Note) There are no special-interest relationships between Mr. Tetsuo Takami and the Company.

Agenda No. 5: Election of Two (2) Auditors

The terms of office of Mr. Kiyoshi Nagahata and Mr. Yasushi Sakemi as Auditor will expire upon the close of this Ordinary Shareholders' Meeting. Accordingly, the election of two (2) Auditors is proposed.

For the submission of this proposal, the consent of the Board of Auditors has been obtained in advance.

The candidates for Auditor are as follows.

Candidate No.

1

New Appointment

Akira Kawashima

Date of Birth : November 4, 1956

Number of Company shares held: 3,472 shares

Brief profile, positions and significant concurrent positions

March 1982	Joined Shofu Products, Inc.	April 2015	Chairman and Representative
April 1986	Joined the Company		Director of SHOFU Dental GmbH
April 2011	President and Representative	May 2020	Senior Staff On Special Assignment
	Director of SHOFU Dental GmbH		Personnel Department (to present)

Reasons for nomination as a candidate for Auditor

Mr. Akira Kawashima has extensive knowledge in general management as well as considerable knowledge in finance, accounting, and sales, as gained from his experience working in managerial positions, such as representative director of an overseas group company, while engaged in overseas business at the Company for many years. The Company has therefore determined that he will conduct appropriate audits on the overall management of the Group, which is promoting globalization, from an objective perspective, and has nominated him as candidate for Auditor.

Candidate No.

2

Re-Appointment

Outside Auditor

Independent Officer

Yasushi Sakemi

Date of Birth : December 24, 1958

Number of Company shares held: 25,213 shares

Brief profile, positions and significant concurrent positions

April 1991	Registered as an Attorney	August 2016	Outside Director and
April 1993	Joined Tetsuro Sakemi Law Office (now Sakemi Law Office)	July 2018	Audit Committee Member of CCS Inc.
June 2004	Auditor of the Company (to present)	March 2019	Auditor of CCS Inc. (to present)
October 2009	Outside Director of CCS Inc.	March 2020	Outside Director of Optex Group Co., Ltd.
			Outside Director of Optex Group Co., Ltd. (Audit Committee Member) (to present)

Reasons for nomination as a candidate for Outside Auditor

Mr. Yasushi Sakemi is a candidate for Outside Auditor. He is expected to appropriately perform the duties of Outside Auditor due to his familiarity with corporate law, including the Companies Act, as well as his thorough knowledge of corporate management as an attorney. He has served as Outside Auditor of the Company for 16 years.

- (Notes)
1. There are no special-interest relationships between each of the candidates and the Company.
 2. The Company has concluded an agreement with Mr. Yasushi Sakemi, which limits his liability for damages, as specified in Article 423, Paragraph 1 of the Companies Act, to the amount prescribed in laws and regulations, and plans to maintain said limited liability agreement with him.
 3. Mr. Sakemi satisfies the requirements for independent officer in accordance with the provisions set forth by the Tokyo Stock Exchange, Inc. The Company has registered Mr. Sakemi as the Company's independent officer with the Tokyo Stock Exchange.

Agenda No. 6: Election of One (1) Substitute Auditor

The effective tenure of Substitute Auditor Masatoshi Ohara will expire at the opening of this Ordinary Shareholders' Meeting. Accordingly, the election of one new Substitute Auditor is proposed in order to handle the event the number of auditors falls short of the number specified by laws and regulations.

For the submission of this proposal, the Board of Auditors' consent has been obtained in advance.

The candidate for Substitute Corporate Auditor is as follows.

Re-Appointment

Masatoshi Ohara

Outside Auditor

Date of Birth : April 25, 1951

Number of Company shares held: 0 shares

Brief profile, positions and significant concurrent positions

April 1979	Registered as attorney at law Joined Kikkawa Sogo Law Offices (now Kikkawa Law Offices) (to present)	April 2010	Part time lecturer at Osaka City University Law School (to present)
August 1986	Registered as attorney at law in New York, USA	April 2017	Chairman of Osaka Bar Association (retired in March 2018)
April 2004	Specially appointed professor at Osaka City University Law School (teaching Civil Law; retired in March 2010)	January 2018	Outside Director, Teijin Frontier Co., Ltd. (to present)
		June 2019	Outside Director, Sawai Pharmaceutical Co., Ltd. (to present)

- (Notes) 1. The Company has outsourced various matters relating to legal counseling and legal affairs to Kikkawa Law Offices, at which Mr. Masatoshi Ohara is a partner, and plans to pay a suitable amount of fees in the future.
2. Mr. Masatoshi Ohara is a candidate for Substitute Outside Auditor. Mr. Ohara is expected to appropriately perform the duties of Outside Auditor due to his thorough knowledge of legal affairs, including corporate law, as an attorney with excellent judgment regarding business administration.
3. Should Mr. Ohara take office as Outside Auditor, the Company will conclude an agreement with him which limits his liability for damages, as specified in Article 423, Paragraph 1 of the Companies Act, to the amount prescribed in laws and regulations.

End