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(Stock Exchange Code 4987)
(June 7, 2021)

To Shareholders with Voting Rights:

Kenichi Tsuji
President and Representative Director
Teraoka Seisakusho Co., Ltd.
Head Office: 1-4-22 Hiromachi,
Shinagawa-ward, Tokyo

**NOTICE OF CONVOCATION
OF THE 111TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 111th Annual General Meeting of Shareholders of Teraoka Seisakusho Co., Ltd. (the “Company”). The meeting will be held for the purposes as described below.

From the viewpoint of preventing the spread of COVID-19, we ask you to refrain, if at all possible, from attending the General Meeting of Shareholders in person on the day. In place of attending the meeting, you may exercise your voting rights in writing. In this case, after reviewing the attached Reference Documents for the General Meeting of Shareholders, please indicate your vote for or against each proposal on the enclosed Voting Rights Exercise Form and return it so that it shall be received by 5:20 p.m. on Monday, June 21, 2021, Japan time.

- 1. Date and Time:** Tuesday, June 22, 2021 at 10:00 a.m. Japan time (reception starts at 9:00 a.m.)
- 2. Venue:** The GOTENYAMA Ballroom, North, B1F
Tokyo Marriott Hotel
4-7-36 Kitashinagawa, Shinagawa-ward, Tokyo
- 3. Meeting Agenda:**
 - Matters to be reported:**
 1. The Business Report, Consolidated Financial Statements for the Company’s 111th Fiscal Year (April 1, 2020 - March 31, 2021) and results of audits by the Accounting Auditor and the Board of Auditors of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 111th Fiscal Year (April 1, 2020 - March 31, 2021)
 - Proposals to be resolved:**
 - Proposal 1:** Distribution of Surplus
 - Proposal 2:** Election of 2 Directors
 - Proposal 3:** Election of 1 Substitute Auditor

4. Matters to be Determined Upon Convocation:

Exercise of Voting Rights by Proxy

Proxies to whom the exercise of voting rights may be delegated are limited to one other shareholder who holds voting rights, in accordance with the Articles of Incorporation of the Company. If attending the meeting by proxy, please submit a written proof of the authority of representation (power of attorney, etc.) together with the Voting Rights Exercise Forms of the shareholder and proxy at the reception desk.

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- ◎ When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. Additionally, please bring this Notice with you for use as meeting material.
 - ◎ Please refer to the enclosed document for details of the live-stream of the meeting on the Internet on the day and of on-demand streaming that will be available on a later date.
 - ◎ Of the documents to be provided with this Notice, “Consolidated Statements of Changes in Net Assets” and “Notes to Consolidated Financial Statements” in the Consolidated Financial Statements and “Non-consolidated Statements of Changes in Net Assets” and “Notes to Non-consolidated Financial Statements” in the Non-consolidated Financial Statements are posted on the Company’s website (<https://www.teraokatape.co.jp/>) on the Internet in accordance with the provisions of laws and regulations as well as the Company’s Articles of Incorporation, and therefore are not provided in the attachment to this Notice. Accordingly, the documents provided with this Notice form part of the documents audited by the Audit & Supervisory Board Members and Accounting Auditor in the preparation of their Audit Reports.
 - ◎ Should the Reference Documents for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements, or Consolidated Financial Statements require revisions, the revised versions will be posted on the Company’s website (<https://www.teraokatape.co.jp/>).

[Measures to Prevent the Spread of COVID-19]

- ◎ To prevent the spread of COVID-19 and with the safety of shareholders as our top priority, shareholders are asked to refrain from attending the General Meeting of Shareholders in person on the day and to exercise their voting rights in advance if at all possible.
- ◎ A certain distance has been placed between seats in the meeting room. For this reason, entry into the meeting room will be limited to the first 60 people to arrive. If the number of arrivals exceeds the number of seats available, we may refuse entry into the room.
- ◎ No gifts will be given to shareholders attending the General Meeting of Shareholders.
- ◎ If you do attend the venue in person, please check your own physical condition and take measures to prevent infection, such as washing your hands and wearing a mask.
- ◎ All speakers and operational staff will take preventive measures, including wearing masks.
- ◎ Your temperature will be checked near the entrance to the venue, and any person who has a high temperature, seems unwell, or is not wearing a mask will be refused entry.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Distribution of Surplus

The Company considers the return of profits to shareholders as one of the most important management issues, and positions the continuation of stable dividends as a basic policy of returning profits. The Company's basic approach to the return of profits to shareholders is to make a decision after comprehensively taking into consideration various factors that affect the dividend level, including business performance for the fiscal year under review, financial position, cash flows, and the dividend payout ratio, in addition to future business strategy, business development policies, forecasts, and other factors, while also securing the funds for investment.

In accordance with this basic policy, the Company plans to pay a term-end dividend for the 111th fiscal year as follows.

Items Related to Term-end Dividend

- (1) Items related to the allocation of dividend property to shareholders and its total amount
9 yen per share of common stock
(comprising an ordinary dividend of 5 yen and a centennial commemorative dividend of 4 yen)
Total of 227,992,680 yen
- (2) Effective date of distribution of surplus:
(June 23, 2021)

Proposal 2: Election of 2 Directors



In order to further strengthen the management structure, the Company intends an increase of 2 Directors. Accordingly, the election of 2 Directors is proposed.

The term of office of the new Directors shall be until the term of office of the others Directors expires, in accordance with the provisions of the Articles of Incorporation of the Company.

Regarding the policies and procedures for the determination of Director candidates, their selection and appointment are conducted by a resolution of the Board of Directors taking into comprehensive consideration of the following factors: the candidate has a deep understanding of the Company's corporate philosophy and management principles; may be expected to contribute to the further development of the Company; has the ability to accurately grasp issues in the divisions under their control and cooperate with other officers and employees to resolve issues; and possesses the attitude and knowledge to comply thoroughly with laws, regulations and the corporate ethics.

The candidates for Director are as follows:

No.	Name	Current Positions in the Company	Term of Office as Director
1	<u>New election</u> Shinji Asakura	—	—
2	<u>New election</u> <u>External</u> <u>Independent</u> Katsunori Furuichi	—	—

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	 [New election] Shinji Asakura (June 25, 1968)	April 1992 Joined ITOCHU Corporation April 2017 Seconded to the Company October 2017 General Manager, Overseas Sales Division April 2021 Deputy Executive General Manager, Sales Division; General Manager, Overseas Sales Division; Chairman, TERAOKA SEISAKUSHO (HONG KONG) CO., LTD.; Chairman, TERAOKA SEISAKUSHO (SHANGHAI) CO., LTD.; Chairman, TERAOKA SEISAKUSHO (SHENZHEN) CO., LTD. (current position) (to present)	0 shares
[Reason for nomination as a candidate for Director and outline of expected role] Mr. Shinji Asakura has abundant experience and achievements in sales fields in ITOCHU Corporation, and, since his temporary secondment in 2017, he has worked hard on the expansion of sales channels, etc. as the person responsible for the Company's overseas sales division. The Company has judged that he can be expected to offer proactive proposals and advice to the Board of Directors for the Company's further development of global markets and has thus nominated him as a new candidate for Director.			
2	 [New election] [External] [Independent] Katsunori Furuichi (May 11, 1961)	April 1985 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION. November 1998 General Manager, Corporate Planning Department, LUCENT Technologies July 2000 Senior General Manager, Product Planning & Marketing Department, LEVEL (3) Communications January 2002 Vice President, REACH Networks March 2003 Manager, PRTM Management Consulting April 2007 Partner June 2008 Operating Officer and President, Verisign Japan K.K. March 2009 President and Representative Director August 2013 President and Managing Director, K.K. Box Japan (current position) November 2018 Outside Director, TeamSpirit Inc. (current position) (to present)	0 shares
[Reason for nomination as a candidate for External Director and outline of expected role] Mr. Katsunori Furuichi has a wealth of management experience at other companies and is currently the President and Managing Director of K.K. Box Japan, giving him a thorough knowledge of information systems. For these reasons, the Company has judged that he would provide appropriate advice in the strengthening of its information systems. Further, the Company has judged that he is independent from the management team, that there is no risk of conflicts of interest with general shareholders, and that he will contribute significantly to strengthening the corporate governance of the Company, and has thus nominated him as a new candidate for External Director.			

(Notes)

1. There are no special interests between each of the candidates and the Company.
2. Mr. Katsunori Furuichi is a candidate for External Director.
3. Mr. Shinji Asakura is an executive at ITOCHU Corporation, which has an important business relationship with the Company (major trading partner).
4. If Mr. Katsunori Furuichi is appointed as Director, the Company intends to register him as an independent director under the rules and regulations of Tokyo Stock Exchange, Inc.
5. If the election of Mr. Katsunori Furuichi is approved, the Company intends to enter into a liability limitation agreement with him, pursuant to Article 427, Paragraph 1 of the Companies Act and our Articles of Incorporation, to limit his liability to compensate for damages under Article 423, Paragraph 1 of said Act to the minimum amount of liability set forth by Article 425, Paragraph 1 of said Act.
6. The Company has entered into a directors and officers liability insurance contract with an insurance company. This insurance policy will cover any losses or damage that the insured Directors would bear if they were to assume liability for the performance of their duties or be subject to a claim for the pursuit of such liability. However, there are grounds for exemptions. For example, losses or damage caused intentionally or with gross negligence will not be covered. If Messrs. Shinji Asakura and Katsunori Furuichi are appointed as Directors, each of them will be insured under the insurance contract, which is to be renewed during their terms of office.


Proposal 3: Election of 1 Substitute Auditor

In order to prepare for the contingency in which the number of Auditors falls below that required by laws and regulations, we propose the election of 1 Substitute Auditor.

Furthermore, the effectiveness of the election in this proposal may be cancelled by resolution of the Board of Directors, with the consent of the Board of Auditors, provided it is prior to candidate's assumption of office.

The Board of Auditors has previously given its approval to this proposal.

The candidate for Substitute Auditor is as follows:

Name (Date of birth)	Past experience, positions, and significant concurrent positions		Number of shares of the Company held
 [External] [Independent] Masayuki Sugaya (March 7, 1969)	April 1991	Joined KANADEN CORPORATION	0 shares
	April 2013	General Manager, Corporate Planning Department, Corporate Strategy Office	
	June 2016	General Manager, Corporate Planning Department, Corporate Strategy Office; General Manager, Accounting Department, Accounting and Finance Office	
	April 2018	General Manager, Business Planning Department, Business Promotion Office	
	July 2018	General Manager, Accounting and Finance Department, Administration Management Office	
	October 2020	General Manager, Accounting and Finance Department	
	January 2021	General Manager, Accounting Department (current position) (to present)	
[Reason for nomination as a candidate for Substitute External Auditor] Mr. Masayuki Sugaya has engaged in the accounting duties at KANADEN CORPORATION after his involvement in that company's corporate planning. We believe that if appointed as External Auditor, he will be able to utilize his abundant experience and wide-ranging insight in the auditing operations of the Company and supervise Directors' execution of duties from an objective and fair perspective, and have thus renominated him as a candidate for Substitute External Auditor.			

(Notes)

1. There are no special interests between the candidate and the Company.
2. Mr. Masayuki Sugaya is a candidate for Substitute External Auditor.
3. If the election of Mr. Masayuki Sugaya is approved and he assumes his office, the Company intends to enter into a liability limitation agreement with him, pursuant to Article 427, Paragraph 1 of the Companies Act and our Articles of Incorporation, to limit his liability to compensate for damages under Article 423, Paragraph 1 of said Act to the minimum amount of liability set forth by Article 425, Paragraph 1 of said Act.
4. If Mr. Masayuki Sugaya is appointed Auditor, the Company intends to register him as an independent auditor with Tokyo Stock Exchange, Inc.
5. The Company has entered into a directors and officers liability insurance contract with an insurance company. This insurance policy will cover any losses or damage that the insured Auditors would bear if they were to assume liability for the performance of their duties or be subject to a claim for the pursuit of such liability. However, there are grounds for exemptions. For example, losses or damage caused intentionally or with gross negligence will not be covered. If Mr. Masayuki Sugaya assumes office as Auditor, he will become an insured person under the insurance policy.