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Notice of Annual Shareholders Meeting

(Securities Code 6459)
March 8, 2019

To Shareholders:

Atsushi Ozaki
President and Representative Director
DAIWA INDUSTRIES LTD.
3-13, Obasecho, Tennoji-ku, Osaka

NOTICE OF THE 58TH ANNUAL SHAREHOLDERS MEETING

Dear Shareholders:

You are cordially invited to attend the 58th Annual Shareholders Meeting of DAIWA INDUSTRIES LTD. (the “Company”).

If you are unable to attend the meeting, you can exercise your voting rights in writing. Please review the attached Reference Documents for the Shareholders Meeting and indicate your approval or disapproval of the proposals on the enclosed Voting Rights Exercise Form and return it so that it is received by 5:45p.m., Wednesday, March 27, 2019, Japan time.

- 1. Date and Time:** Thursday, March 28, 2019 at 10:00 a.m. Japan time (reception will be open at 9:00 a.m.)
- 2. Place:** Main Hall on the 7th floor of Mengyo Kaikan Shinkan located at 5-8, Bingomachi 2-chome, Chuo-ku, Osaka, Japan
- 3. Meeting Agenda:**
 - Matters to be reported:** The Business Report and Financial Statements for the Company’s 58th Fiscal Year (January 1, 2018 - December 31, 2018)
 - Proposals to be resolved:**
 - Proposal 1** Election of Nine (9) Directors
 - Proposal 2** Election of Three (3) Company Auditors
 - Proposal 3** Provision of Retirement Allowance to a Resigning Company Auditor

- ◎ When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
- ◎ Should the Reference Documents for the Shareholders Meeting, the Business Report and Financial Statements require any revisions, the revised versions will be posted on the Company’s website (<http://www.drk.co.jp>).

Reference Documents for the Shareholders Meeting

Proposal and Matters for Reference

Proposal 1 Election of Nine (9) Directors

The terms of office of all Directors (nine (9) Directors) of the Company will expire at the conclusion of this Annual Shareholders Meeting. Accordingly, the Company proposes the election of nine (9) Directors.

The candidates are as follows:

No. 1 Shigeru Ozaki	(Date of birth: January 31, 1929)	Reelection
[Past experience, positions and responsibilities]		Attendance at Board of Directors meetings in the current fiscal year 10 out of 11 meetings
February 1958	Founded Daiwa Industries	Number of shares of the Company held 3,912
November 1962	Established Daiwa Industries Ltd. and assumed the position of President and Representative Director	
March 2002	Chairman and Representative Director of the Company	
March 2016	Top Advisor and Director of the Company (currently serving)	

Reasons for the nomination as a candidate for Director

The Company renominated Mr. Shigeru Ozaki as a candidate for Director. The Company finds that he is very well qualified for Director of the Company because of his achievements as Representative Director in the development of the Company ever since the establishment of the Company, his deep knowledge about the Company's overall business, and abundant insights and experience as a business manager.

No. 2 Atsushi Ozaki	(Date of birth: March 12, 1970)	Reelection
[Past experience, positions and responsibilities]		Attendance at Board of Directors meetings in the current fiscal year 11 out of 11 meetings
March 1994	Joined the Company	Number of shares of the Company held 3,763,000
July 2000	Head of President's Office of the Company	
March 2001	Director of the Company	
August 2001	Vice President and Director of the Company	
March 2002	President and Representative Director of the Company (currently serving)	
March 2008	President and Executive Officer of the Company (currently serving)	

Reasons for the nomination as a candidate for Director

The Company renominated Mr. Atsushi Ozaki as a candidate for Director. The Company finds that he is very well qualified for Director of the Company, as he has been engaged in overall operations of the Company and appropriately performed his duties since he joined the Company, and since he assumed the office of Director in March 2001 and Representative Director in March 2002, he has accumulated deep knowledge about the Company's overall business and gained abundant insights and experience as a business manager.

No. 3 Toshihiro Sugita

(Date of birth: June 17, 1954)

Reelection

[Past experience, positions and responsibilities]

September 1981	Joined the Company
March 2005	Director of the Company
March 2007	Managing Director of the Company
November 2007	In charge of Direct Sales (currently serving)
March 2008	Managing Executive Officer of the Company
March 2014	Senior Managing Director of the Company (currently serving)
	Senior Managing Executive Officer of the Company (currently serving)
December 2014	In charge of Sales
April 2016	In charge of Corporate Clients Business
February 2019	In charge of Sales Planning (currently serving)

**Attendance at Board of Directors
meetings in the current fiscal year**
11 out of 11 meetings

**Number of shares of the Company
held**
11,130

Reasons for the nomination as a candidate for Director

The Company renominated Mr. Toshihiro Sugita as a candidate for Director. The Company finds that he is very well qualified for Director of the Company, as he has appropriately performed his duties and gained a wealth of knowledge and experience in the sales division, and deepened his understanding about the Company's overall business, since he joined the Company. In addition, since he assumed the office of Director in March 2005, he has been accumulating achievements in sales operations of the Company.

No. 4 Kaoru Maekawa

(Date of birth: June 27, 1951)

Reelection

[Past experience, positions and responsibilities]

April 1974	Joined Matsushita Electric Industrial Co., Ltd. (currently, Panasonic Corporation)
October 2002	General Manager of Cooking System Business Division of the said company
October 2006	Vice President of Home Appliances Company of the said company
August 2011	Technical Advisor of Cooking Business Division of the said company
April 2012	Technical Advisor of Panasonic Manufacturing Malaysia Bhd.
August 2014	Joined the Company, Advisor in charge of Development and Manufacturing
February 2015	Executive Officer in charge of Plants of the Company (currently serving)
March 2015	Director of the Company (currently serving)

**Attendance at Board of Directors
meetings in the current fiscal year**
11 out of 11 meetings

**Number of shares of the Company
held**
2,171

Reasons for the nomination as a candidate for Director

The Company renominated Mr. Kaoru Maekawa as a candidate for Director. The Company finds that he is very well qualified for Director of the Company, as he owns a wealth of knowledge and experience cultivated over his career at an electrical manufacturing company, and has developed his understanding about the Company's overall business, mainly through operations of the manufacturing division, since he joined the Company. In addition, since he assumed the office of Director in March 2015, he has been accumulating achievements in the Company's management, acting as a responsible person of the manufacturing division, being in charge of plants.

No. 5 Hiroyasu Nishikubo	(Date of birth: October 20, 1940)	Reelection, Outside Director & Independent Director
[Past experience, positions and responsibilities]		Attendance at Board of Directors meetings in the current fiscal year 10 out of 11 meetings
December 1985	Director of Fuyo Shokai Co., Ltd. (currently, Fuyo Co., Ltd.)	Number of shares of the Company held 2,414
September 1986	Director of F.M.S. Co., Ltd. (currently, Fuyo Maintenance System Co., Ltd.)	
May 1993	Managing Director of the said company	
May 2003	Senior Managing Director of the said company	
May 2004	Director of the said company	
March 2008	Outside Company Auditor of the Company	
March 2013	Outside Director of the Company (currently serving)	

Reasons for the nomination as a candidate for Outside Director

The Company nominated Mr. Hiroyasu Nishikubo as a candidate for Outside Director. The Company finds that he is very well qualified for Outside Director to be responsible for the supervision of the Company's management, as he owns business experience and knowledge regarding business management decisions, etc. accumulated through his career, as well as insights concerning the Company's overall business based on his experience as Outside Company Auditor of the Company. The term of office of Mr. Nishikubo as Outside Director of the Company will be six years at the conclusion of this Annual Shareholders Meeting.

No. 6 Yoshiaki Ono	(Date of birth: September 1, 1942)	Reelection, Outside Director & Independent Director
[Past experience, positions and responsibilities]		Attendance at Board of Directors meetings in the current fiscal year 11 out of 11 meetings
June 1985	Manager of Koshien Branch of Taiyo Kobe Bank, Ltd. (currently, Sumitomo Mitsui Banking Corporation)	Number of shares of the Company held 771
June 1987	Assistant Manager of Personnel Planning Division of the said bank	
April 1988	Assistant Manager of Tokyo Personnel Division of the said bank	
June 1989	Manager of Osaka Eki-mae Branch of the said bank	
April 1991	Manager of Business Administration Division 1 of Mitsui Taiyo Kobe Bank, Ltd.	
June 1992	Manager of Semba Branch of The Sakura Bank, Limited (currently, Sumitomo Mitsui Banking Corporation)	
July 1994	Managing Director of Kobe Bankers Association	
July 2007	Resigned from the position of Managing Director of the said association	
March 2013	Outside Company Auditor of the Company	
April 2016	Outside Director of the Company (currently serving)	

Reasons for the nomination as a candidate for Outside Director

The Company nominated Mr. Yoshiaki Ono as a candidate for Outside Director. The Company finds that he is very well qualified for Outside Director to be responsible for the supervision of the Company's management, as he owns long-term experience in the banking industry and a wealth of knowledge regarding finance, etc. that he has accumulated over his career, as well as insights concerning the Company's overall business based on his experience as Outside Company Auditor of the Company. The term of office of Mr. Ono as Outside Director of the Company will be three years at the conclusion of this Annual Shareholders Meeting.

No. 7 Masahiro Ozaki

(Date of birth: January 23, 1973)

Reelection

[Past experience, positions and responsibilities]

March 1999	Joined the Company
August 2001	Head of President's Office of the Company
March 2002	Director of the Company
February 2007	General Manager of Direct Sales Strategy Supervisory Division of the Company
March 2008	Resigned from the position of Director of the Company Executive Officer of the Company (currently serving)
May 2008	Head of President's Office of the Company (currently serving)
March 2013	Director of the Company (currently serving)
June 2016	In charge of Administration (currently serving)

**Attendance at Board of Directors
meetings in the current fiscal year**
11 out of 11 meetings

**Number of shares of the Company
held**
2,300,000

Reasons for the nomination as a candidate for Director

The Company renominated Mr. Masahiro Ozaki as a candidate for Director. The Company finds that he is very well qualified for Director of the Company, as he has appropriately performed his duties, gained abundant insights and experience and also deepened his knowledge about the Company's overall business through his career in the administrative and technology divisions, since he joined the Company. In addition, since he assumed the office of Director in March 2002, he has been accumulating achievements in the Company's administrative division.

No. 8 Kazushige Hirade

(Date of birth: October 25, 1951)

Reelection

[Past experience, positions and responsibilities]

April 1974	Joined Matsushita Electric Industrial Co., Ltd. (currently, Panasonic Corporation)
October 1997	President and Representative Director of Niigata Matsushita System Co., Ltd.
October 2000	President and Representative Director of Chugoku Matsushita System Co., Ltd.
October 2009	Joined the Company, General Manager of Corporate Clients Sales Planning
March 2010	Executive Officer of the Company (currently serving)
March 2011	General Manager of West Japan Corporate Clients Sales Division of the Company
June 2015	General Manager of Regional Corporate Clients Sales Division of the Company
March 2017	Director of the Company (currently serving)
April 2017	In charge of Corporate Clients Business (currently serving)

**Attendance at Board of Directors
meetings in the current fiscal year**
10 out of 11 meetings

**Number of shares of the Company
held**
1,293

Reasons for the nomination as a candidate for Director

The Company renominated Mr. Kazushige Hirade as a candidate for Director. The Company finds that he is very well qualified for Director of the Company, as he owns a wealth of knowledge and experience cultivated over his career at an electrical appliances manufacturer, has developed his understanding about the Company's overall business, mainly concerning the planning and sales of corporate clients business, and also has been accumulating achievements in overall corporate clients business, after joining the Company.

No. 9 Tetsuro Kudo

(Date of birth: January 8, 1950)

Reelection

[Past experience, positions and responsibilities]		Attendance at Board of Directors meetings in the current fiscal year
October 1976	Joined the Company	11 out of 11 meetings
November 1984	Director of the Company	
March 1996	Managing Director of the Company	Number of shares of the Company held
March 2006	Resigned from the position of Managing Director of the Company	
	Full-time Company Auditor of the Company	2,438
November 2006	Resigned from the position of Company Auditor of the Company	
March 2007	Director of the Company	
November 2007	In charge of Corporate Clients Business	
March 2008	Managing Director of the Company	
	Managing Executive Officer of the Company	
June 2009	Director of the Company (currently serving)	
	Executive Officer of the Company (currently serving)	
December 2016	General Manager of Tokyo Corporate Clients Sales Division of the Company	
December 2018	General Manager of Tokyo Metropolitan Area Corporate Clients Sales Division of the Company (currently serving)	

Reasons for the nomination as a candidate for Director

The Company renominated Mr. Tetsuro Kudo as a candidate for Director. The Company finds that he is very well qualified for Director of the Company, as he has appropriately performed his sales operations and gained a wealth of knowledge and experience in the sales division, attained experience as Company Auditor of the Company, and deepened his understanding about the Company's overall business, since he joined the Company. In addition, since he assumed the office of Director, he has been accumulating achievements in sales operations of the Company.

- (Notes)
1. There are no special interests between each candidate and the Company.
 2. Messrs. Hiroyasu Nishikubo and Yoshiaki Ono are candidates for Outside Directors. Both candidates have been notified to the Tokyo Stock Exchange as Independent Directors/Auditors who possess no potential conflict of interests with general shareholders, as stipulated by the Tokyo Stock Exchange.

Selection and nomination of Directors

In nominating candidates for Directors, the Company determines the candidates through deliberation at Board of Directors meetings, considering professional knowledge, abilities, experience, insights, personalities and other factors necessary to carry out Director's responsibilities.

Independence criteria for Outside Directors

The Company has adopted the requirements for outside directors and company auditors stipulated in the Companies Act and the criteria of independent directors and company auditors set by the Tokyo Stock Exchange as the Company's independence criteria. In addition, the Company's Board of Directors takes into consideration the achievements, experience, knowledge and other factors of potential candidates, and selects persons who can be expected to contribute to honest, active and constructive discussion as candidates for Independent Outside Directors.

Proposal 2 Election of Three (3) Company Auditors

Mr. Takayoshi Notsu will resign from the office of Company Auditor at the conclusion of this Annual Shareholders Meeting. In addition, the terms of office of Messrs. Kazuharu Otsuka and Toshihiko Kusaka as Company Auditors will expire at the conclusion of this Annual Shareholders Meeting. Accordingly, the election of three (3) Company Auditors is proposed.

Ms. Hiromi Kusu will be elected as a substitute for Mr. Takayoshi Notsu, and the term of office, pursuant to the Articles of Incorporation of the Company, shall be the remaining term of office of the resigning Company Auditor.

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

The candidates are as follows:

No.		(Date of birth: November 7, 1954)	Reelection
No. 1 Kazuharu Otsuka			
[Past experience and positions]			Attendance at Board of Directors meetings in the current fiscal year
March 1993	Accounting Manager of Accounting Department of KITE Co., Ltd.		11 out of 11 meetings
September 1998	Joined the Company		Attendance at Board of Company Auditors meetings in the current fiscal year
October 2005	Deputy Accounting Manager of Accounting Department of the Company		14 out of 14 meetings
August 2007	Deputy Accounting Manager of Accounting Department at Administration Division of the Company		
March 2008	Full-time Company Auditor of the Company (currently serving)		Number of shares of the Company held
			6,281
Reasons for the nomination as a candidate for Company Auditor			
The Company renominated Mr. Kazuharu Otsuka as a candidate for Company Auditor. The Company finds that he is very well qualified for Company Auditor of the Company, as he owns long-term experience in accounting, and has properly audited performance of duties by Directors and given valuable opinions on the Company's management since he assumed the office of Company Auditor in March 2008.			
No. 2 Toshihiko Kusaka			Reelection
			Outside Company Auditor & Independent Auditor
[Past experience, positions and significant concurrent positions]			Attendance at Board of Directors meetings in the current fiscal year
April 1990	Joined Osaka Regional Taxation Bureau		10 out of 11 meetings
July 2000	Retired from Examination Department of the said bureau		Attendance at Board of Company Auditors meetings in the current fiscal year
July 2000	Joined Kusaka Tatehiko Tax Accountant Office		14 out of 14 meetings
February 2002	Registered as certified public tax accountant		
August 2002	Member & Tax Accountant and Deputy Director of Office Kusaka Tax Accountant's Corporation		
March 2007	Outside Company Auditor of the Company (currently serving)		Number of shares of the Company held
October 2008	Representative Member of Office Kusaka Tax Accountant's Corporation (currently serving)		6,024

[Significant concurrent positions]

Representative Member of Office Kusaka Tax Accountant's Corporation

Reasons for the nomination as a candidate for Outside Company Auditor

The Company renominated Mr. Toshihiko Kusaka as a candidate for Outside Company Auditor. The Company finds that he is very well qualified for Outside Company Auditor of the Company, as he owns highly sophisticated insights regarding taxes, finance, etc. and long-term experience as a certified public tax accountant, and has properly audited performance of duties by Directors and given valuable opinions on the Company's management since he assumed the office of Outside Company Auditor in March 2007. The term of office of Mr. Kusaka as Outside Company Auditor of the Company will be twelve years at the conclusion of this Annual Shareholders Meeting.

No. 3 Hiromi Kusu

(Date of birth: February 13, 1973)

New candidate
Outside Company Auditor
& Independent Auditor**[Past experience, positions and significant concurrent positions]**

April 1995	Joined Mukai Hideshi Law Office (currently, Kansai Law Office)
March 2007	Retired from the said law office
December 2012	Joined the said law office, admitted to the bar
May 2016	Retired from the said law office
May 2016	Representative of K.S. Global Legal Office (currently serving)
September 2018	Teaching Supervisor at Kindai University Law School (currently serving)

Attendance at Board of Directors meetings in the current fiscal year

—

Attendance at Board of Company Auditors meetings in the current fiscal year

—

Number of shares of the Company held

0

[Significant concurrent positions]

Representative of K.S. Global Legal Office

Reasons for the nomination as a candidate for Outside Company Auditor

The Company nominated Ms. Hiromi Kusu as a candidate for Outside Company Auditor. The Company finds that she is very well qualified for Outside Company Auditor of the Company, as she owns highly sophisticated insights regarding laws and extensive work experience as an attorney-at-law, and is expected to properly audit performance of duties by Directors and give valuable opinions on the Company's management. She is a new candidate for Outside Company Auditor.

- (Notes)
1. There are no special interests between each candidate and the Company.
 2. Mr. Toshihiko Kusaka and Ms. Hiromi Kusu are candidates for Outside Company Auditors.
 3. The candidate, Mr. Toshihiko Kusaka, has been notified to the Tokyo Stock Exchange as an Independent Director/Auditor.
 4. The candidate, Ms. Hiromi Kusu, will be notified to the Tokyo Stock Exchange as an Independent Director/Auditor.
 5. Since the candidate, Ms. Hiromi Kusu, is a newly nominated Outside Company Auditor, she did not attend the Board of Directors meetings and Board of Company Auditors meetings in the 58th fiscal year.

Selection and nomination of Company Auditors

In nominating candidates for Company Auditors, the Company determines the candidates through approval of the Board of Company Auditors and deliberation at Board of Directors meetings, considering professional knowledge, abilities, experience, insights, personalities and other factors necessary to carry out Company Auditor's responsibilities.

Proposal 3 Provision of Retirement Allowance to a Resigning Company Auditor

Mr. Takayoshi Notsu will resign from the position of Company Auditor at the conclusion of this Annual Shareholders Meeting. Therefore, shareholders are requested to give approval to the provision of retirement allowance to Mr. Takayoshi Notsu in compensation for his efforts during his term of office, within a reasonable range of the amount, in accordance with the specified standards of the Company.

The Company requests that the specific amount, timing and method of provision of the retirement allowance be resolved through mutual consultation by Company Auditors.

Past experience of the resigning Company Auditor is as follows:

Name	Past experience
Takayoshi Notsu	March 2016 Company Auditor of the Company (currently serving

End