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(Security Code 4082)
June 2, 2020

To Shareholders with Voting Rights:

Tsuyoshi Inoue
President
Daiichi Kigenso Kagaku Kogyo Co., Ltd.
4-4-9, Kitahama, Chuo-ku, Osaka

**NOTICE OF
THE 64TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

You are cordially invited to attend the 64th Annual General Meeting of Shareholders of Daiichi Kigenso Kagaku Kogyo Co., Ltd. (the “Company”). The meeting will be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing by submitting the Voting Rights Exercise Form. If exercising your voting rights in writing, please review the attached Reference Documents for the General Meeting of Shareholders, indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it so that it is received by 5:30 p.m. on Tuesday, June 23, 2020, Japan time.

- 1. Date and Time:** Wednesday, June 24, 2020 at 10:00 a.m. Japan time (reception starts at 9:30 a.m.)
- 2. Place:** 1-20 Oyodo-Naka 1-Chome, Kita-ku, Osaka
The Westin Osaka (banquet room Karin on the 4th floor)
(Please refer to the “Access to the Venue of General Meeting of Shareholders” attached at the end of this document.)
- 3. Meeting Agenda:**
 - Matters to be reported:**
 1. The Business Report, Consolidated Financial Statements for the Company’s 64th Fiscal Year (April 1, 2019 - March 31, 2020) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 64th Fiscal Year (April 1, 2019 - March 31, 2020)
 - Proposals to be resolved:**
 - Proposal 1:** Appropriation of Surplus
 - Proposal 2:** Election of Six Directors
 - Proposal 3:** Partial Amendments to Articles of Incorporation
 - Proposal 4:** Election of One Substitute Audit & Supervisory Board Member

Courtesy gifts to attending shareholders are abolished. We ask for your kind understanding.

Information on the 64th Annual General Meeting of Shareholders

For the 64th Annual General Meeting of Shareholders, the Company has decided to hold the Meeting at a venue with less capacity than before in order to prevent infection and spread of the novel coronavirus (COVID-19), placing the utmost priority on our shareholders' health and safety.

For that reason, the Company may not be able to provide sufficient seating to accommodate all shareholders who attend the Meeting. If all seats are occupied on your arrival, we sincerely offer our apologies for the inconvenience and ask for your understanding.

We also kindly encourage our shareholders to vote by mail ahead of time whenever possible.

* Notes and Requests

- There is concern about spread of the novel coronavirus infection. If you plan to attend the Meeting, please make sure to find updated information about the outbreak situation and check your health condition on the day of the Meeting before you visit the venue.

In addition, at the venue of the Meeting, attendees may be requested to take preventive measures such as wearing a face covering. We appreciate your cooperation.

Should any significant change be made to the operation of the Meeting depending on the pandemic situation going forward, we will make an announcement on the following website:

<https://www.dkkk.co.jp/> (Japanese only)

- Operating staff members of the Meeting will also be wearing a face mask during the event.

We appreciate your understanding and cooperation.

- We will place alcohol disinfectant sprays at multiple locations including the vicinity of the entrance of the venue. We kindly ask you to sanitize your hands using them before you enter the venue.

- If you feel ill or get sick at the venue, please give notice to reception staff.

We apologize for any inconvenience this may cause our shareholders, and we greatly appreciate your understanding.

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◎Should the Reference Documents for the General Meeting of Shareholders, the Business Report, Consolidated Financial Statements, or Non-consolidated Financial Statements require revisions, the revised versions will be posted on the Company's website (<https://www.dkkk.co.jp/>).

◎The Company, pursuant to the provisions of applicable laws and regulations and Article 15 of the Articles of Incorporation of the Company, has posted the following documents that should be provided in conjunction with this notice on the website of the Company (<https://www.dkkk.co.jp/>). Accordingly, they are not included in the documents attached to this notice:

(1) Consolidated Statements of Changes in Net Assets and Notes to Consolidated Financial Statements in the Consolidated Financial Statements.

(2) Non-consolidated Statements of Changes in Net Assets and Notes to Non-consolidated Financial Statements in the Non-consolidated Financial Statements.

The documents listed in (1) and (2) above are part of the Consolidated Financial Statements and Non-consolidated Financial Statements that were audited by Audit & Supervisory Board Member and the Accounting Auditor to prepare the respective audit reports.

## **Guide to Exercising Voting Rights**

### **Exercising voting rights by attending the Meeting in person**

Please submit the enclosed Voting Rights Exercise Form at the reception desk.

(Reception will be opened at 9:30 a.m.)

Please also bring this notice with you on the day.

### **Exercising voting rights in writing**

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form, and send the Form back so that it will be received **no later than 5:30p.m. on Tuesday, June 23, 2020.**

\* Please be advised that persons other than shareholders (e.g., a proxy who is not a shareholder, non-shareholder accompanying a shareholder) are not allowed to attend the General Meeting of Shareholders.

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Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The Company regards the return of profit to shareholders as one of the most important management policies and has made it a basic principle to pay stable and continuous dividends to shareholders. At the same time, the Company intends to reinforce its financial foundation for future business development.

Furthermore, by considering the Company's dividend scale and the financial performance for the fiscal year, the year-end dividends and other appropriation of surplus for the 64th fiscal year are proposed as follows.

1. Matters concerning the year-end dividends

The Company proposes to pay a year-end dividend of 10 yen per share

(1) Type of dividend assets

Cash

(2) Matters concerning allocation of dividend assets and the total amount thereof

10 yen per share of the Company's common stock

Total amount: 242,439,570 yen

As an interim dividend of 10 yen per share was paid, the annual dividend for the 64th fiscal year is 20 yen per share.

(3) Effective date of dividends of surplus

June 25, 2020

2. Matters concerning other appropriation of surplus

(1) Surplus item to be decreased and the amount thereof

Retained earnings brought forward: 2,000,000,000 yen

(2) Surplus item to be increased and the amount thereof

General reserve: 2,000,000,000 yen

Proposal 2: Election of Six Directors

The terms of office of Directors Kimio Ouchi, Tadashi Terada, and Tetsuo Horiuchi will expire and Directors Tsuyoshi Inoue, Hiroshi Kokubu, Isao Okazaki, Masayuki Itahashi, and Akira Okumura will retire at the conclusion of the 64th Annual General Meeting of Shareholders. Accordingly, the election of six Directors is proposed.

The candidates are as follows:

No.		Name	Current positions, responsibilities and significant concurrent positions
1	Reappointment	Tsuyoshi Inoue	President
2	Reappointment	Kimio Ouchi	Managing Director, Member of the Board; Responsible for R&D Unit Representative Director, I.D.U. Co., Ltd. Representative Director, DKK Logistics Corporation
3	Reappointment	Hiroshi Kokubu	Managing Director, Member of the Board; General Manager, Operational Unit Vice President, Shandong Guangyin DKK New Materials Co., Ltd. Vice President, Shandong Guangyin DKK Environment Technology Co., Ltd. President, DKK (Shanghai) Materials Trading Co., Ltd. Director, I.D.U. Co., Ltd.
4	Reappointment Outside Independent	Tetsuo Horiuchi	Outside Director, Member of the Board Independent Officer
5	Reappointment Outside Independent	Akira Okumura	Outside Director, Member of the Board Independent Officer
6	New appointment Outside Independent	Hajime Nagahara	

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
	<p>Tsuyoshi Inoue (May 27, 1960)</p> <p>Term of office as Director: 13 years (at close of this meeting) Attendance at Board of Directors meetings: 17/17 (100%)</p>	<p>Apr. 1986 Joined Sumitomo Electric Industries, Ltd.</p> <p>Sep. 2000 Joined the Company</p> <p>Mar. 2005 General Manager, Equipment Division</p> <p>June 2007 Director, Member of the Board; General Manager, Equipment Division</p> <p>June 2008 Director, Member of the Board; General Manager, Corporate Planning Office</p> <p>Mar. 2010 Executive Vice President, Member of the Board</p> <p>June 2010 President (to present)</p>	777,195
1	<p>[Reason for nomination as candidate for Director]</p> <p>Tsuyoshi Inoue has been involved in the management of the Group as President of the Company since June 2010. Although the financial performance of the Group temporarily slowed down significantly in the difficult operating environment such as the so-called rare earth crisis during this period, he has played a central role in promoting management structure reform and the improvement of the revenue base, etc. As a result, in the fiscal year ended March 31, 2017, the Company posted record-high consolidated net sales, operating profit, ordinary profit and profit attributable to owners of parent, and on June 11, 2018, the Tokyo Stock Exchange (TSE) approved the listing of the Company's shares to be changed from the Second Section to the First Section of TSE. Furthermore, in April 2019, we moved our head office to Chuo-ku, Osaka, as part of our efforts to enhance the efficiency of operations by consolidating head office functions and business locations in Osaka Sales Office, and to put in place disaster prevention measures at the head office. Meanwhile, he has also developed the Group's medium-term business plan "DK-ONE Project" and is working to strengthen the Group's business and promoting its growth strategy from a global perspective. We nominate Tsuyoshi Inoue as a Director, Member of the Board of the Company for re-election because we expect that he can realize the management philosophy of the Company and contribute to the sustained enhancement of corporate value of the Company and the Group by drawing on his extensive experience and track record.</p>		

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
2	<p>Kimio Ouchi (July 1, 1967)</p> <p>Term of office as Director: 12 years (at close of this meeting) Attendance at Board of Directors meetings: 17/17 (100%)</p>	<p>Apr. 1992 Joined the Company</p> <p>Sep. 2006 Branch Manager (Osaka Sales Office), Sales and Marketing Division</p> <p>Apr. 2008 Director, Member of the Board, I. D. U. Co., Ltd.</p> <p>June 2008 Director, Member of the Board; General Manager, Sales and Marketing Division</p> <p>Apr. 2011 Representative Director, Member of the Board, I. D. U. Co., Ltd. (to present)</p> <p>Apr. 2013 Managing Director, Member of the Board; Responsible for Sales and Marketing Division, Technology Division, and Corporate Planning Division</p> <p>Sep. 2013 Director, Member of the Board, Suihua Shanghai Trading Co., Ltd. (currently DKK (Shanghai) Materials Trading Co., Ltd.)</p> <p>Apr. 2016 Managing Director, Member of the Board, General Manager, Research and Development Office; General Manager, Intellectual Property Management Office; Responsible for Technology Division and Corporate Planning Division</p> <p>Jul. 2017 Representative Director, Member of the Board, DKK Logistics Co., Ltd. (to present)</p> <p>Apr. 2018 Managing Director, Member of the Board; Responsible for Research and Development Office, Intellectual Property Management Office and Technology Division, the Company</p> <p>Apr. 2019 Managing Director, Member of the Board; Responsible for R&D Unit (to present)</p> <p>[Significant concurrent positions] • Representative Director, Member of the Board, I. D. U. Co., Ltd. • Representative Director, Member of the Board, DKK Logistics Co., Ltd.</p>	62,001
<p>[Reason for nomination as candidate for Director] Kimio Ouchi has outstanding knowledge and experience in the industry with many years of experience in the technology department and sales and marketing division of the Company and their supervision, while concurrently serving as a representative director and a director at subsidiaries and affiliates in Japan and overseas. In addition, he was also responsible for the research and development and intellectual property divisions of the Company, which are the pillars for the Company's business development. We nominate Kimio Ouchi as a Director, Member of the Board of the Company for re-election because we expect that he can play a significant part in broad decision-making and such throughout the Group.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	Hiroshi Kokubu (February 26, 1972) Term of office as Director: 7 years (at close of this meeting) Attendance at Board of Directors meetings: 17/17 (100%)	Apr. 1995 Joined the Sanwa Bank, Ltd. (currently the MUFG Bank, Ltd.) Oct. 2004 Joined the Company June 2009 Branch Manager (Tokyo sales Office), Sales and Marketing Division Mar. 2011 General Manager, Procurement Division June 2013 Director, Member of the Board; General Manager, Materials Division Apr. 2016 Director, Member of the Board; General Manager, Sales and Marketing Division and Responsible for Procurement Division Apr. 2019 Director, Member of the Board; General Manager, Operational Unit Apr. 2020 Managing Director, Member of the Board; General Manager, Operational Unit (to present) [Significant concurrent positions] • Vice President, Shandong Guangyin DKK New Materials Co., Ltd. • Vice President, Shandong Guangyin DKK Environment Technology Co., Ltd. • President, DKK (Shanghai) Materials Trading Co., Ltd. • Director, I.D.U. Co., Ltd.	78,567
	[Reason for nomination as candidate for Director] Hiroshi Kokubu has been involved in the sales and procurement functions at the Company and has played a significant role in the sales expansion of the products of the Company and the stable procurement of raw materials at low prices, etc. He has been making efforts to ensure stable procurement of principal raw materials from overseas suppliers and to realize global business expansion as a Director, Member of the Board since June 2013. Since April 2020, he has been serving as a Managing Director, Member of the Board in the aim of strengthening governance and fostering relationships with stakeholders by playing a central role in company management. We nominate Hiroshi Kokubu as a Director, Member of the Board of the Company for re-election because we expect that he can realize the management philosophy of the Company and contribute to the sustained enhancement of corporate value of the Company and the Group by drawing on his extensive experience and track record.		

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
4	<p>Tetsuo Horiuchi (January 5, 1946)</p> <p>Term of office as Director: 8 years (at close of this meeting) Attendance at Board of Directors meetings: 17/17 (100%)</p>	<p>Apr. 1972</p> <p>June 2001</p> <p>Apr. 2008</p> <p>June 2009</p> <p>Apr. 2011</p> <p>June 2012</p>	<p>Joined Nitto Electric Industrial Co., Ltd. (currently Nitto Denko Corporation)</p> <p>Director, Member of the Board</p> <p>Director, Member of the Board; Managing Executive Officer; General Manager, Quality, Environment, and Safety Headquarters</p> <p>Outside Director, Member of the Board; Hitachi Maxell, Ltd.</p> <p>Outside Director, Member of the Board; Hitachi Maxell Energy, Ltd.</p> <p>Outside Director, Member of the Board; the Company (to present)</p>	3,000
	<p>[Reason for nomination as candidate for Outside Director]</p> <p>Tetsuo Horiuchi has extensive experience in responsibilities including technology development and a general manager of a business division as well as knowledge and experience as a general manager of the Quality, Environment, and Safety Headquarters at Nitto Denko Corporation. In addition, he has extensive experience and broad insight as a corporate executive including serving as Director and Managing Executive Officer at Nitto Denko Corporation and as Outside Director at Hitachi Maxell, Ltd. Since assuming the office of Outside Director, Member of the Board of the Company in 2012, he has been actively providing opinions and suggestions at Board of Directors meetings on the management of the Group in general such as business expansion and improvement of corporate governance system, drawing on his extensive experience and broad insight accumulated over many years. We nominate Tetsuo Horiuchi as an Outside Director, Member of the Board of the Company for re-election because we expect him to continue giving accurate guidance and advice on the management of the Company and the Group and supervising the management from an independent, objective standpoint.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
5	Akira Okumura (October 26, 1948) Term of office as Director: 5 years (at close of this meeting) Attendance at Board of Directors meetings: 17/17 (100%)	Apr. 1973 Jan. 1998 Jul. 1999 Jan. 2011 Jul. 2012 June 2015	Joined BASF Dyes & Chemicals Co., Ltd. (currently BASF Japan Ltd.) Managing Director President, BASF INOAC Polyurethanes Ltd. President, N.E. CHEMCAT CORPORATION Advisor, INOAC CORPORATION Outside Director, Member of the Board (to present)	4,600
	[Reason for nomination as candidate for Outside Director] Akira Okumura worked for (current) BASF Japan Ltd.—the Japanese subsidiary of general chemicals company BASF SE, which is headquartered in Germany—for many years including serving as a Managing Director. Subsequently, he served as a President of N.E. CHEMCAT CORPORATION. This means that his knowledge and career experience cover various fields not only in practical business in joint ventures but also in management. Since assuming the office of Outside Director, Member of the Board of the Company in 2015, he has been actively providing opinions and suggestions at Board of Directors meetings on the management of the Group in general such as group business operations and investment projects, drawing on his extensive experience and broad insight accumulated over many years. We nominate Akira Okumura as an Outside Director, Member of the Board of the Company for re-election because we expect him to continue giving accurate guidance and advice on the management of the Company and the Group and supervising the management from an independent, objective standpoint.			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
6	<p>Hajime Nagahara (September 25, 1953)</p> <p>Term of office as Director: - years (at close of this meeting) Attendance at Board of Directors meetings: - / - (- %)</p>	<p>Apr. 1978 Joined Asahi Chemical Industry Co., Ltd. (currently Asahi Kasei Corp.)</p> <p>Oct. 2003 Group Fellow, Asahi Kasei Corp.</p> <p>Apr. 2006 Executive Officer, in charge of Research & Development, Asahi Kasei Chemicals Corp.</p> <p>Apr. 2007 Director and Senior Executive Officer, in charge of Research & Development, Asahi Kasei Chemicals Corp.</p> <p>June 2013 Corporate Auditor, Asahi Kasei Corp.</p> <p>June 2017 Advisor, Asahi Kasei Corp. (to present)</p> <p>[Significant concurrent positions]</p> <p>Apr. 2015 Advisor, CREST Research Area, Japan Science and Technology Agency</p>	3,000
<p>[Reason for nomination as candidate for Outside Director]</p> <p>Hajime Nagahara has been involved in the technology development and production of chemical products at Asahi Kasei Corp. as an expert in catalytic chemistry and process chemistry. He has held important positions such as a President of Catalysis Society of Japan. He also drew on his extensive experience, knowledge and in-depth expertise in chemistry in general, and was committed to teaching younger people at several universities. He has been involved in company management as a Corporate Auditor of Asahi Kasei Corp. since 2013. We propose the election of Hajime Nagahara as an Outside Director, Member of the Board of the Company because we expect that his advice, etc. from an objective perspective based on his experience and knowledge of both technology and management will be useful in enhancing the Company's business competitiveness and improving its corporate value.</p>			

(Notes)

1. No conflict of interest exists between the Company and any of the above Director candidates.
2. The number of shares of the Company held does not include the number of shares held through the Officers Stock Ownership Plan and the Employee Stock Ownership Plan.
3. Tetsuo Horiuchi, Akira Okumura, and Hajime Nagahara are candidates for Outside Director. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company entered into an agreement with Tetsuo Horiuchi and Akira Okumura to limit their liability for damages prescribed in Article 423, Paragraph 1 of the same Act. The amount of their respective total maximum liability for damages under the said agreement is the higher of 5,000,000 yen or the minimum liability amount prescribed in Article 425, Paragraph 1 of the same Act. The Company plans to continue the said agreement with Tetsuo Horiuchi and Akira Okumura if they are reelected as proposed. In addition, the Company plans to enter into an agreement similar to the above with Hajime Nagahara after his appointment. The Company has designated Tetsuo Horiuchi and Akira Okumura as independent officers of the Company pursuant to the rules of the Tokyo Stock Exchange with appropriate filings of the designation with the Exchange and plans to designate Hajime Nagahara in the same way after his appointment.

[Reference] List of Members of Board of Directors after Election (Plan)

	Name	Positions, responsibilities and significant concurrent positions at the Company
<u>Reappointment</u>	Tsuyoshi Inoue	Representative Director, Member of the Board; President, Executive Officer
<u>Reappointment</u>	Kimio Ouchi	Director, Member of the Board; Managing Executive Officer Responsible for R&D Unit Representative Director, I.D.U. Co., Ltd. Representative Director, DKK Logistics Corporation
<u>Reappointment</u>	Hiroshi Kokubu	Director, Member of the Board; Managing Executive Officer, General Manager, Operational Unit Vice President, Shandong Guangyin DKK New Materials Co., Ltd. Vice President, Shandong Guangyin DKK Environment Technology Co., Ltd. President, DKK (Shanghai) Materials Trading Co., Ltd. Director, I.D.U. Co., Ltd.
<u>Reappointment</u>	Tetsuo Horiuchi	Outside Director, Member of the Board Independent Officer
<u>Reappointment</u>	Akira Okumura	Outside Director, Member of the Board Independent Officer
<u>New appointment</u>	Hajime Nagahara	Outside Director, Member of the Board Independent Officer

Proposal 3: Partial Amendments to Articles of Incorporation

1. Reason for the amendment

(1) Change in the term of office of Directors

The Company proposes to shorten the term of office of Directors provided in Article 22, Paragraph 1 of the current Article of Incorporation (Term of Office of Directors) from two years to one year, for the purpose of establishing a management system that flexibly responds to changes in the business environment, and increasing the opportunities for credibility of shareholders to clarify the management responsibilities of Directors.

Article 21, Paragraph 1 of the proposed amendment shall apply to the Directors who are appointed based on the preceding proposal.

(2) Establishment of new provisions concerning substitute Audit & Supervisory Board Members

In preparation for the event where the number of Audit & Supervisory Board Members fails to meet the quorum requirement prescribed by laws and regulations, the Company proposes to establish new provisions concerning substitute Audit & Supervisory Board Members and stipulate the period in which the resolution electing substitute Audit & Supervisory Board Members is valid (Articles 34 and 35 of the current Articles of Incorporation).

(3) Change in the decision-making body for dividends of surplus, etc.

In order to achieve flexible capital and dividend policies, pursuant to the provisions of Article 459, Paragraph 1 of the Companies Act, the Company proposes to newly establish Article 47 of the proposed amendment (Decision-making Body for Dividends of Surplus, etc.) and Article 48 thereof (Record Date for Dividends of Surplus). The Company shall accordingly adjust the number of Articles by deleting the provisions of Article 6 (Acquisition of Treasury Shares), Article 48 (Year-end Dividends) and Article 49 (Interim Dividends) of the current Articles of Incorporation, whose descriptions overlap with a part of the Article 47 of the proposed amendment.

2. Description of the amendment

Description of the amendment is as follows:

(Amended part is underlined.)	
Current	Proposed amendments
Chapter II Shares (Acquisition of Treasury Shares) Article 6. <u>The Company shall acquire its treasury shares through market transactions, etc., by the resolution of the Board of Directors.</u>	Chapter II Shares (Deleted) <u>*The number of Article moves up by one each hereinafter.</u>
Chapter IV Directors and Board of Directors (Term of Office of Directors) Article 22. 1. The term of office of Directors shall expire at the conclusion of an Annual General Meeting of Shareholders held in connection with the last business year which ends <u>within two years</u> following the respective election. 2. (Omitted)	Chapter IV Directors and Board of Directors (Term of Office of Directors) Article 21. 1. The term of office of Directors shall expire at the conclusion of an Annual General Meeting of Shareholders held in connection with the last business year which ends <u>within one year</u> following the respective election. 2. (Omitted)

<p style="text-align: center;">Chapter V Audit & Supervisory Board Members and Audit & Supervisory Board (Election of Audit & Supervisory Board Members) <u>Article 34.</u></p> <ol style="list-style-type: none"> 1. Audit & Supervisory Board Members shall be elected by a resolution of a General Meeting of Shareholders. 2. A resolution to elect Audit & Supervisory Board Members shall be adopted by a majority vote of the shareholders present thereat holding an aggregate of one-third or more of the total number of voting rights of shareholders who are entitled to vote. (Newly established) <p style="text-align: center;">(Newly established)</p> <p><u>Article 35.</u></p> <ol style="list-style-type: none"> 1. The term of office of Audit & Supervisory Board Members shall expire at the conclusion of an Annual General Meeting of Shareholders held in connection with the last business year which ends within four years following the respective election. 2. The term of office of Audit & Supervisory Board Members elected as a substitute shall expire when the term of office of the Audit & Supervisory Board Members who retire from office expires. <p style="text-align: center;">Chapter VII Accounting (Year-end Dividends) <u>Article 48.</u></p> <p><u>By a resolution of a General Meeting of Shareholders, the Company shall pay dividends of surplus in money (hereinafter, “Year-end Dividends”) to the shareholders or registered pledgees of shares listed or recorded</u></p>	<p style="text-align: center;">Chapter V Audit & Supervisory Board Members and Audit & Supervisory Board (Election of Audit & Supervisory Board Members) <u>Article 33.</u></p> <ol style="list-style-type: none"> 1. Audit & Supervisory Board Members shall be elected by a resolution of a General Meeting of Shareholders. 2. A resolution to elect Audit & Supervisory Board Members shall be adopted by a majority vote of the shareholders present thereat holding an aggregate of one-third or more of the total number of voting rights of shareholders who are entitled to vote. 3. <u>In accordance with the provision of Article 329, Paragraph 3 of the Companies Act, in preparation for the event where the number of the Audit & Supervisory Board Members fails to meet the quorum requirement prescribed by laws and regulations, the Company may elect substitute Audit & Supervisory Board Members at a General Meeting of Shareholders.</u> 4. <u>The resolution to elect substitute Audit & Supervisory Board Members set forth in the preceding paragraph shall be effective until the beginning of the first Annual General Meeting of Shareholders held after the resolution.</u> <p><u>Article 34.</u></p> <p>The term of office of Audit & Supervisory Board Members shall expire at the conclusion of an Annual General Meeting of Shareholders held in connection with the last business year which ends within four years following the respective election. <u>The term of office of Audit & Supervisory Board Members elected as a substitute for Audit & Supervisory Board Members who retire from office before the expiration of the term of office shall be the same as remaining term of office of this retiring Audit & Supervisory Board Members.</u> (Deleted)</p> <p style="text-align: center;">Chapter VII Accounting (Decision-making Body for Dividends of Surplus, etc.) <u>Article 47.</u></p> <p><u>The Company shall determine matters prescribed in Article 459, Paragraph 1 of the Companies Act such as dividends of surplus not by a resolution of a General Meeting of Shareholders but by a resolution of the Board of Directors, unless otherwise provided for by laws and regulations.</u></p>
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<p><u>on the final register of shareholders as of March 31 of each year.</u></p> <p><u>(Interim Dividends)</u> <u>Article 49.</u></p> <p><u>By a resolution of the Board of Directors, the Company may pay dividends of surplus prescribed in Article 454, Paragraph 5 of the Companies Act (hereinafter, “Interim Dividends”) to the shareholders or registered pledgees of shares listed or recorded on the final register of shareholders as of September 30 of each year.</u></p> <p>(Omitted hereinafter)</p>	<p><u>(Record Date for Dividends of Surplus)</u> <u>Article 48.</u></p> <ol style="list-style-type: none"> <u>1. The Company’s record date for year-end dividends shall be March 31 of each year.</u> <u>2. The Company’s record date for interim dividends shall be September 30 of each year.</u> <u>3. In addition to the preceding 2 paragraphs, the Company may pay dividends of surplus by setting a record date.</u> <p>(Omitted hereinafter)</p>
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Proposal 4: Election of One Substitute Audit & Supervisory Board Member

In order for the Company to maintain uninterrupted auditing activities even in the event where the number of Audit & Supervisory Board Members fails to meet the quorum requirement, the Company proposes the election of Takao Mizuno as substitute Outside Audit & Supervisory Board Member.

This resolution may be canceled by the Board of Directors' resolution with the consent of Audit & Supervisory Board only before Takao Mizuno's assumption of office.

This Proposal has obtained the Audit & Supervisory Board's prior consent.

The candidate for substitute Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
Takao Mizuno (February 14, 1962)	Mar. 1987 Joined the Company Apr. 2012 General Manager, Quality Assurance Division Apr. 2013 General Manager, General Affairs Division Apr. 2019 Deputy General Manager, Administration Unit; Site Manager, Osaka Site Apr. 2020 Deputy General Manager, Administration Unit (to present)	22,100
[Reason for nomination as candidate for substitute Audit & Supervisory Board Member] Since joining the Company, Takao Mizuno has experienced technology divisions serving as General Manager of Production Management Center, and Assistant General Manager of Technology Division, having held positions in management divisions including General Manager of Quality Assurance Division, General Manager of General Affairs Division, Deputy General Manager of Administration Unit, and Site Manager of Osaka Site. The Company considers that he has sufficient knowledge and experience in taking up the role of Audit & Supervisory Board Member of the Company, and thus nominates Takao Mizuno as a candidate for Substitute Audit & Supervisory Board Member.		

(Note)

The number of shares of the Company held does not include the number of shares held through the Employee Stock Ownership Plan.

**(Reference) Criteria for Election of Outside Directors and Outside Audit & Supervisory Board Members:
“Criteria for Independence of Outside Officers” 1. through 3.**

1. The Board of Directors of the Company recognizes that its Outside Directors*¹ or Outside Audit & Supervisory Board Members*² pursuant to the provisions of the Companies Act and the Regulation for Enforcement of the Companies Act (hereinafter collectively referred to as “Outside Officers”) are independent in cases where Outside Officers do not fall under any of the following:

- (1) An executive*³ of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”);
- (2) A counterparty to whom the Group is a major business client*⁴ or an executive thereof;
- (3) A major business client of the Group*⁵ or an executive thereof;
- (4) A major shareholder (i.e., shareholder whose direct or indirect holding of voting rights accounts for 10% or more of the total number of voting rights) of the Company or an executive thereof;
- (5) An executive of an investee in which the Group is a large investor (i.e., investee whose voting rights held by the Company account for 10% or more of the total number of voting rights);
- (6) A director (limited to a person who executes operations) or other executive of an organization that receives a donation or grant exceeding a certain amount (i.e., 10 million yen per year on average over the past three years or 30% of the annual total expenses of such organization, whichever is higher) from the Group;
- (7) An executive of a financial institution or other major creditor that is indispensable for the Company in raising funds and depended upon by the Company to the extent that there is no substitute;
- (8) An attorney, certified public accountant, certified tax accountant or a consultant who has received monetary or other property benefits in the amount of 10 million yen or more per year on average over the past three years other than officer compensation from the Group;
- (9) A certified public accountant or an executive, partner or employee of an audit corporation serving as an accounting auditor or accounting advisor of the Company or its subsidiaries;
- (10) An executive at another company in which an executive of the Group is currently serving or has served in the past three years as outside officer;
- (11) A person who has fallen under (1) above in the past ten years;
- (12) A person who has fallen under (2) through (10) above in the past three years; or
- (13) A person who falls under (1) through (12) above who is a close relative, etc.*⁶ of an important executive.*⁷

2. Being an independent officer requires that the person essentially be free of risk of conflict of interest with ordinary shareholders of the Company as a whole at all times in circumstances other than the factors taken into consideration in (1) through (12) above.

3. Upon the election of an independent officer, the recommendation or consent of at least one independent Director or independent Audit & Supervisory Board Member must be obtained.

*1 “Outside Director” means “Outside Director” as defined in Article 2, item (xv) of the Companies Act.

*2 “Outside Audit & Supervisory Board Member” means “Outside Company Auditor” as defined in Article 2, item (xvi) of the Companies Act.

*3 “Executive” means “Executive” as defined in Article 2, paragraph (3), item (vi) of the Regulation for Enforcement of the Companies Act.

*4 “A counterparty to whom the Group is a major business client” means a party who received from the Group payments accounting for 2% or more of said party’s annual consolidated gross sales in the latest fiscal year.

*5 “A major business client of the Group” means a business client to whom the amount of sales of the Group to such business client in the latest fiscal year accounted for 2% or more of the Group’s consolidated net sales.

*6 “Close relative, etc.” means a relative within the second degree of kinship and an interested person who shares living expenses.

*7 “Important executive” means an executive director, person responsible for a division, or other people who execute important operations.