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(Securities Code 6728)
September 8, 2021

To Shareholders with Voting Rights:

Setsuo Iwashita
President and Chief Executive
Officer
ULVAC, Inc.
2500 Hagisono, Chigasaki,
Kanagawa, Japan

**NOTICE OF
THE 117TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We hereby announce that the 117th Ordinary General Meeting of Shareholders of ULVAC, Inc. (the “Company”) will be held for the purposes as described in the next page.

In order to prevent the spread of COVID-19, we strongly recommend you to exercise your voting rights in advance in writing or via the Internet, etc. instead of attending the General Meeting of Shareholders.

Please review the “Reference Documents for the General Meeting of Shareholders” included herein, and exercise your voting rights by 5:00 p.m. on Tuesday, September 28, 2021, Japan time, by following the procedure as described in pages 3 to 5.

- 1. Date and Time:** Wednesday, September 29, 2021 at 10:00 a.m. Japan time
2. Place: 2nd Floor Conference Room of the C Building of the Company
located at 2500 Hagisono, Chigasaki, Kanagawa, Japan

3. Meeting Agenda:

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company’s 117th fiscal year (July 1, 2020 – June 30, 2021) and results of audits by the Independent Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 117th fiscal year (July 1, 2020 – June 30, 2021)

Proposals to be resolved:

- Proposal No. 1:** Appropriation of Surplus
Proposal No. 2: Election of Seven Directors
Proposal No. 3: Election of One Corporate Auditor
Proposal No. 4: Election of One Substitute Auditor
Proposal No. 5: Revision of Remuneration for External Directors

4. Information on Exercise of Voting Rights, etc.

Please refer to “Information on Exercise of Voting Rights, etc.” described on the following page.

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- The doors to the meeting room will open at 9:00 a.m., Japan time.
 - When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
 - Of the documents to be attached to this notice, the “Notes to Consolidated Financial Statements” and the “Notes to Non-consolidated Financial Statements” are posted on the Company’s website below in accordance with laws and regulations and Article 16 of the Articles of Incorporation of the Company, and accordingly are not included in the documents attached to this notice. Consequently, the documents attached to this notice comprise a portion of the documents audited by Corporate Auditors and the Independent Auditor in the preparation of the Audit Report.
 - In the event that the Reference Documents for the General Meeting of Shareholders, the Business Report, and/or the Consolidated Financial Statements and Non-consolidated Financial Statements are revised, the revised versions will be posted on the Company’s website below.




The Company’s Website: <https://www.ulvac.co.jp/>



Information on Exercise of Voting Rights, etc.

Voting rights at the General Meetings of Shareholders are important rights of shareholders. Please exercise your voting rights having fully examined the following Reference Documents for the General Meeting of Shareholders. The following three methods are available to exercise your voting rights.

In order to prevent the spread of COVID-19, we strongly recommend our shareholders to exercise their voting rights in advance in writing or via the Internet, etc. instead of attending the General Meeting of Shareholders.

 <p>Attendance at General Meeting of Shareholders</p> <p>When you attend the General Meeting of Shareholders, please submit the enclosed Voting Rights Exercise Form at the reception desk.</p> <p><u>Date and time of the General Meeting of Shareholders:</u></p> <p>Wednesday, September 29, 2021 at 10:00 a.m. Japan time</p>	 <p>Exercise of voting rights in writing (via mail)</p> <p>Please indicate your vote for or against each proposal on the enclosed Voting Rights Exercise Form and send the form by postal mail.</p> <p><u>Deadline for exercising voting rights:</u></p> <p>To be received no later than 5:00 p.m., Tuesday, September 28, 2021, Japan time</p>	 <p>Exercise of voting rights via the Internet, etc.</p> <p>Please follow the directions on pages 4 and 5 to vote for or against each proposal (available in Japanese only).</p> <p><u>Deadline for exercising voting rights:</u></p> <p>Must finish input by 5:00 p.m., Tuesday, September 28, 2021, Japan time</p>
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If you do not indicate your vote for or against a proposal, your vote will be deemed as a vote in favor. In the event that you exercise your voting rights both in writing (via mail) and via the Internet, etc. only your exercise of voting rights via the Internet, etc. will be considered valid. In the event that you exercise your voting rights via the Internet, etc. multiple times, then only your final exercise of voting rights via the Internet, etc. will be considered valid.



Guidance on Exercise of Voting Rights via the Internet, etc.

Deadline
for
exercising
voting rights

Must finish input by 5:00 p.m.,

Tuesday, September 28, 2021, Japan time

“Smart Exercise” by scanning the QR Code

By scanning the QR Code, you can log in on the voting rights exercise website without entering the voting rights exercise code or password.

1. Scan the QR Code printed on the bottom right of the Voting Rights Exercise Form using a smartphone.

*The “QR Code” is a trademark of DENSO WAVE INCORPORATED.

2. Enter your vote for or against the proposals by following the on-screen instructions.

You can exercise your voting rights via “Smart Exercise” only once.

If you wish to change your vote, please access the PC-version website for exercising voting rights, log in using the “voting rights exercise code” and “password” printed on the Voting Rights Exercise Form, and exercise your voting rights again.

*You can access the PC-version website by scanning the QR Code again using a smartphone.



In the event that you exercise your voting rights both in writing (via mail) and via the Internet, etc. only your exercise of voting rights via the Internet, etc. will be considered valid.

In the event that you exercise your voting rights via the Internet, etc. multiple times, then only your final exercise of voting rights via the Internet, etc. will be considered valid.

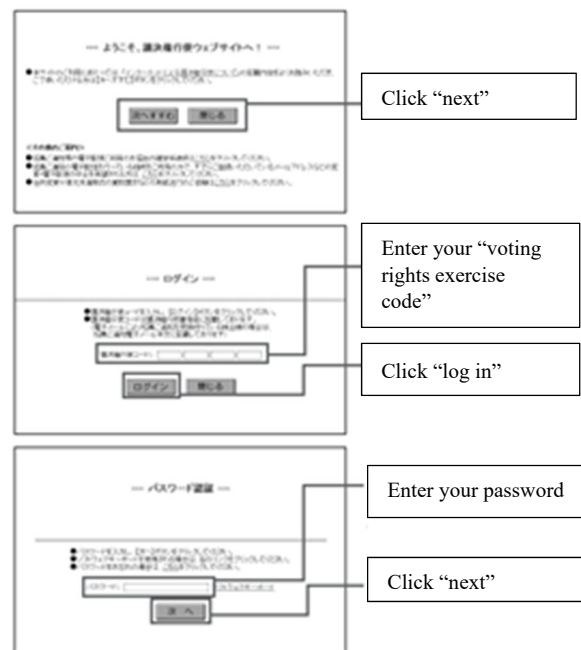
Stock Transfer Agency Web-support Helpdesk,
Sumitomo Mitsui Trust Bank
Tel: 0120-652-031 (toll free in Japan)
(Business hours: 9:00 a.m. to 9:00 p.m.)

Institutional investors can electronically exercise their voting rights for this meeting from the “Electronic Voting System Platform” operated by ICJ, Inc.

How to enter your voting rights exercise code and password

Voting rights exercise website: <https://www.web54.net>

1. Access the voting rights exercise website.
2. Enter the “voting rights exercise code” printed on the Voting Rights Exercise Form.
3. Enter the “password” printed on the Voting Rights Exercise Form.
4. Enter your vote for or against the proposals by following the on-screen instructions.



You may not be able to use the voting rights exercise website depending on the Internet settings, etc. of your PC or smartphone.

Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Appropriation of Surplus

The Company recognizes the sharing of profits with the shareholders as one of its most important policies. On the other hand, in order to increase corporate value in an industry that undergoes significant changes in capital investment trends and technical innovations, the Company needs to secure sufficient funds to invest in R&D in growth areas. In addition, the Company also needs to build a stable financial base, thus it is important to enhance internal reserves necessary for this.

Therefore, for the 117th fiscal year, the Company comprehensively considered factors including forecasts of such financing demand and trends of cash flows, performance, payout ratios, and has determined that the year-end dividend for our shareholders will be ¥95 per share (an increase of ¥15 per share from the previous fiscal year) as per the following:

- | | |
|---|--|
| • Type of dividend property | Dividends shall be paid in Cash. |
| • Matters concerning the allotment of dividend property to shareholders and total amount thereof | ¥95 per share of the Company's common stock
The total amount of dividends shall be
¥4,688,447,315. |
| • Effective date of the distribution of surplus | September 30, 2021 |

Proposal No. 2: Election of Seven Directors

The terms of office of all eight directors will expire at the close of this General Meeting of Shareholders. Therefore, the Company proposes the election of seven directors.

The candidates for directors are as follows. The candidates for directors have been determined by the Board of Directors, following consultation procedures with the Committee for Appointment and Remuneration, etc. which was established in an effort to materialize more fair, impartial, and transparent discussions and to enhance the effectiveness of the Board.

Candidate No.	Name	Current positions	Attributes			Attendance at Board of Directors meetings
1	Setsuo Iwashita	President and Chief Executive Officer	Reelection			100% (14/14)
2	Mitsuru Motoyoshi	Director and Executive Vice President	Reelection			100% (14/14)
3	Choong Ryul Paik	Senior Managing Director	Reelection			93% (13/14)
4	Hiroyuki Nishi	External Director	Reelection	External		100% (11/11)
5	Norio Uchida	External Director	Reelection	External	Independent Officer	100% (14/14)
6	Kozo Ishida	External Director	Reelection	External	Independent Officer	93% (13/14)
7	Yoshimi Nakajima	External Director	Reelection	External	Independent Officer	100% (14/14)

Reelection

Candidates for directors to be reelected

External

Candidates for external directors

Independent Officer

Registered as independent officer with the Tokyo Stock Exchange

Candidate No. 1	Setsuo Iwashita Date of birth February 4, 1953 Number of shares of the Company held 28,414 shares Attendance at Board of Directors meetings 14/14 Reelection	Past experience, positions, and responsibilities	
		March 1984	Joined the Company
		August 1992	Manager of Beijing Business Office and Shanghai Business Office, Overseas Operation Division
		September 1995	Director and Chief Executive Officer of ULVAC (NINGBO) CO., Ltd.
		July 1998	General Manager of Chinese Region, Asia Division of the Company
		March 2006	Director and Chief Executive Officer of ULVAC (CHINA) HOLDING CO., LTD.
		October 2006	Chairman of ULVAC (Shanghai) Trading Co., Ltd. Chairman of ULVAC (SUZHOU) CO., LTD.
		September 2011	Director of the Company
		July 2012	Director and Executive Officer
		September 2013	Managing Executive Officer
July 2015	Senior Managing Executive Officer of the Company Chairman of ULVAC (CHINA) HOLDING CO., LTD.		
July 2016	Senior Managing Executive Officer and Senior Manager of Management Planning Department of the Company		
September 2016	Director and Senior Managing Executive Officer, Senior Manager of Management Planning Department		
July 2017	President and Chief Executive Officer		
January 2019	President and Chief Executive Officer and General Manager of Human Resource Center		
July 2020	President and Chief Executive Officer (current position)		
(Significant concurrent positions)		-	
[Reasons for selection as a candidate for director]		After building a solid track record particularly in international sales activities, Mr. Setsuo Iwashita accumulated experience as a corporate manager in China and has led management strategies for the Group in Japan and overseas. He thus has extensive experience and achievements. In addition, as President and Chief Executive Officer of the Company, he has strived for the sustainable growth of the Group and the improvement of corporate value over a medium to long term. Therefore, the Company has nominated Mr. Iwashita as a candidate for director based on its judgment that he will be able to continue contributing to the management of the Company.	

Candidate No. 2	Past experience, positions, and responsibilities		
		April 1980	Joined the Company
		July 1995	Senior Manager of Management Department, Ultra-High Vacuum Products Division
		July 1998	Staff Manager of Management Planning Department
		July 2000	Senior Manager of Accounting Department
		September 2005	Director and Senior Manager of Accounting Department
		July 2010	Director and Senior Manager of Management Planning Department
		July 2012	Director and Executive Officer, Senior Manager of Management Planning Department
		July 2013	Chairman of ULVAC TAIWAN INC.
		July 2014	Director and Managing Executive Officer, Senior Manager of Management Planning Department of the Company
		July 2015	Director and Senior Managing Executive Officer, Senior Manager of Management Planning Department
		July 2017	Director and Senior Managing Executive Officer, Senior General Manager of Business Strategy Headquarters of the Company Chairman of ULVAC (Shanghai) Trading Co., Ltd.
	Mitsuru Motoyoshi		Chairman of ULVAC (SUZHOU) CO., LTD. Chairman of ULVAC SINGAPORE PTE LTD Chairman of ULVAC MALAYSIA SDN. BHD.
	Date of birth January 1, 1957		
Number of shares of the Company held 9,400 shares	July 2018	Director and Executive Vice President of the Company	
Attendance at Board of Directors meetings 14/14	January 2019	Chairman and Chief Executive Officer of ULVAC (CHINA) HOLDING CO., LTD. Chairman of ULVAC Automation Technology (Shanghai) Corporation	
Reelection	July 2019	Director and Executive Vice President, General Manager of Management Empowerment Center of Excellence of the Company, responsible for associate companies Chairman of ULVAC Tianma Electric (Jingjiang) Co., Ltd.	
	January 2020	Chairman of ULVAC (CHINA) HOLDING CO., LTD. (current position)	
	July 2020	Director and Executive Vice President (in charge of Group companies) of the Company (current position)	
(Significant concurrent positions)			
• Chairman of ULVAC (CHINA) HOLDING CO., LTD.			
[Reasons for selection as a candidate for director] Having built a solid track record primarily in accounting practice and the designing of management strategies in Japan and overseas such as through his involvement in the divisional administration, management planning and accounting departments of the Company, Mr. Mitsuru Motoyoshi has led management strategies while ensuring the appropriateness of accounting for the Group in Japan and overseas. He thus has extensive experience and achievements. In addition, as Director and Executive Vice President of the Company, he has strived for the sustainable growth of the Group and the improvement of corporate value over a medium to long term. Therefore, the Company has nominated Mr. Motoyoshi as a candidate for director based on its judgment that he will be able to continue contributing to the management of the Company.			

Candidate No. 3		Past experience, positions, and responsibilities	
		April 1991	Joined the Company
		September 1999	Joined ULVAC KOREA, Ltd. as Senior Director
		September 2000	President of ULVAC KOREA, Ltd.
Choong Ryul Paik	Date of birth February 14, 1959	September 2012	Executive Officer of the Company
		July 2015	Managing Executive Officer
		September 2016	Chairman of ULVAC KOREA, Ltd. (current position)
		July 2018	Managing Executive Officer, Senior General Manager of R&D Headquarters of the Company
Number of shares of the Company held 10,000 shares	Attendance at Board of Directors meetings 13/14	September 2018	Director and Managing Executive Officer, Senior General Manager of R&D Headquarters
		July 2019	Director and Managing Executive Officer, General Manager of Innovation Center of Excellence
		July 2020	Senior Managing Director (in charge of Innovation) of the Company and President and Chief Executive Officer of ULVAC-PHI, Inc.
		July 2021	Senior Managing Director (in charge of Innovation) of the Company and Chairman of ULVAC-PHI, Inc. (current position)
Reelection	(Significant concurrent positions)		
	<ul style="list-style-type: none"> • Chairman of ULVAC KOREA, Ltd. • Chairman of ULVAC-PHI, Inc. 		
<p>[Reasons for selection as a candidate for director]</p> <p>After building a solid track record as a corporate manager in South Korea, Dr. Choong Ryul Paik accumulated experience primarily in technological development for the Company's products, and has led development strategies for the Group in Japan and overseas. He thus has extensive experience and achievements. In addition, as Senior Managing Director of the Company, he has strived for the sustainable growth of the Group and the improvement of corporate value over a medium to long term. Therefore, the Company has nominated Dr. Paik as a candidate for director based on its judgment that he will be able to continue contributing to the management of the Company.</p>			

Candidate No. 4	<p>Hiroyuki Nishi</p> <p>Date of birth September 20, 1960</p> <p>Number of shares of the Company held None</p> <p>Attendance at Board of Directors meetings 11/11</p> <p>Reelection</p> <p>External</p>	Past experience, positions, and responsibilities	
		April 1983	Joined Nippon Life Insurance Company
		March 2007	General Manager of International Planning & Operations Dept. and General Manager of China Office
		March 2010	Executive Officer, General Manager of Europe, Deputy Director-General and General Manager of London Representative Office
		July 2011	Director and Executive Officer, General Manager of the Americas, General Manager of Europe, Deputy Director-General, and General Manager of New York Representative Office
March 2014	Director and Managing Executive Officer, General Manager of International Planning & Operations Dept., General Manager of the Americas, General Manager of Europe, and General Manager of Asia		
March 2017	Director and Senior Managing Executive Officer, General Manager of the Americas, General Manager of Europe, and General Manager of Asia		
March 2018	Director		
March 2018	President and Chief Executive Officer of Nissay Asset Management Corporation		
March 2020	Advisor of Nissay Credit Guarantee Co., Ltd.		
April 2020	President and Chief Executive Officer (current position)		
September 2020	External Director of the Company (current position)		
		(Significant concurrent positions)	
		<ul style="list-style-type: none"> • President and Chief Executive Officer of Nissay Credit Guarantee Co., Ltd. 	
		<p>[Reasons for selection as a candidate for external director and outline of expected role]</p> <p>Mr. Hiroyuki Nishi has a solid track record as a corporate manager of other companies in Japan and overseas. In particular, he has extensive experience and broad insight primarily in risk management. In addition, leveraging such experience and insight, he has strived for sustainable growth and the improvement of corporate value over a medium to long term in his capacity as an external director of the Company, through providing appropriate advice on the overall management of the Company and properly supervising its management. Therefore, the Company has nominated Mr. Nishi as a candidate for external director based on its expectations that he will be able to continue to properly carry out his duties as an external director of the Company.</p>	

Candidate No. 5		Past experience, positions, and responsibilities	
		<p>April 1973 Joined Tokyo Optical Co., Ltd. (currently TOPCON CORPORATION)</p> <p>June 1980 General Manager of Topcon Singapore Pte. Ltd.</p> <p>February 1989 President of Topcon Australia Pty Ltd.</p> <p>October 1994 Senior Vice President of Topcon Laser Systems, Inc. (currently Topcon Positioning Systems, Inc.)</p> <p>July 1999 President of Topcon Laser Systems Japan, Inc.</p> <p>June 2003 Executive Officer of TOPCON CORPORATION</p> <p>July 2003 Director and President of Topcon Sales Corporation (currently TOPCON SOKKIA POSITIONING JAPAN CO., LTD.)</p> <p>June 2005 Director and Executive Officer of TOPCON CORPORATION</p> <p>June 2007 Director and Managing Executive Officer</p> <p>June 2010 Director and Senior Managing Executive Officer</p> <p>June 2011 Representative Director, President & CEO</p> <p>June 2013 Advisor to the Board</p> <p>June 2015 Outside Director of Nabtesco Corporation (current position)</p> <p>September 2015 External Director of the Company (current position)</p>	<p>Norio Uchida</p> <p>Date of birth October 22, 1950</p> <p>Number of shares of the Company held None</p> <p>Attendance at Board of Directors meetings 14/14</p>
		<p>(Significant concurrent positions)</p> <ul style="list-style-type: none"> • Outside Director of Nabtesco Corporation 	
		<p>[Reasons for selection as a candidate for external director and outline of expected role]</p> <p>Mr. Norio Uchida has a solid track record as a corporate manager of other companies in Japan and overseas. In particular, he has extensive experience and broad insight primarily in international sales activities. In addition, leveraging such experience and insight, he has strived for sustainable growth and the improvement of corporate value over a medium to long term in his capacity as an external director of the Company, through providing appropriate advice on the overall management of the Company and properly supervising its management. Therefore, the Company has nominated Mr. Uchida as a candidate for external director based on its expectations that he will be able to continue to properly carry out his duties as an external director of the Company.</p> <p>In addition, as Mr. Uchida meets the independence standards set forth by the Tokyo Stock Exchange, while at the same time does not have any special interests in the Company and thus does not pose a risk of conflict of interests with the general shareholders from a practical perspective, the Company has registered Mr. Uchida as an Independent Officer with the Tokyo Stock Exchange. In the event that he is reelected, he will continue to serve as an Independent Officer.</p>	
		<p style="text-align: center;">Reelection</p> <p style="text-align: center;">External</p> <p style="text-align: center;">Independent Officer</p>	

Candidate No. 6		Past experience, positions, and responsibilities	
		<p>March 1970 Joined HORIBA, Ltd.</p> <p>June 1982 General Manager of Product Department I, Development and Sales Division</p> <p>March 1985 President and Director of HORIBA Europe GmbH (Germany)</p> <p>June 1988 Director of HORIBA, Ltd.</p> <p>June 1991 Managing Director</p> <p>June 1996 Senior Managing Director</p> <p>July 2001 President and Director (CEO) of ABX, S.A. (currently HORIBA ABX SAS) (France)</p> <p>June 2002 Vice President and Director of HORIBA, Ltd.</p> <p>June 2005 Executive Vice President and Representative Director</p> <p>March 2011 Director and Advisor of HORIBA STEC Co., Ltd.</p> <p>March 2014 Vice Chairman and Representative Director of HORIBA, Ltd.</p> <p>March 2016 Senior Advisor</p> <p>September 2016 External Director of the Company (current position)</p> <p>March 2017 External Director of Seiko Electric Co., Ltd. (current position)</p> <p>April 2018 Fellow of HORIBA, Ltd.</p>	
	<p>Kozo Ishida</p> <p>Date of birth November 4, 1944</p> <p>Number of shares of the Company held 300 shares</p> <p>Attendance at Board of Directors meetings 13/14</p>		
	<p style="text-align: center;">Reelection</p> <p style="text-align: center;">External</p> <p style="text-align: center;">Independent Officer</p>		<p>(Significant concurrent positions)</p> <ul style="list-style-type: none"> • External Director of Seiko Electric Co., Ltd. <p>[Reasons for selection as a candidate for external director and outline of expected role]</p> <p>Dr. Kozo Ishida has a solid track record as a corporate manager of other companies in Japan and overseas. In particular, he has extensive experience and broad insight primarily in research and development. In addition, leveraging such experience and insight, he has strived for sustainable growth and the improvement of corporate value over a medium to long term in his capacity as an external director of the Company, through providing appropriate advice on the overall management of the Company and properly supervising its management. Therefore, the Company has nominated Dr. Ishida as a candidate for external director based on its expectations that he will be able to continue to properly carry out his duties as an external director of the Company.</p> <p>In addition, as Dr. Ishida meets the independence standards set forth by the Tokyo Stock Exchange, while at the same time does not have any special interests in the Company and thus does not pose a risk of conflict of interests with the general shareholders from a practical perspective, the Company has registered Dr. Ishida as an Independent Officer with the Tokyo Stock Exchange. In the event that he is reelected, he will continue to serve as an Independent Officer.</p>

Candidate No. 7	Yoshimi Nakajima	Past experience, positions, and responsibilities	
		April 1980	Joined The Yasuda Trust and Banking Co., Ltd. (currently Mizuho Trust & Banking Co., Ltd.)
		February 1982	Joined AVON PRODUCTS CO., LTD.
		May 1997	Joined Citibank, N.A. as Vice President
		June 2000	Joined Societe Generale Securities Services as Senior General Manager
		April 2002	Joined American Express International, Inc. as Vice President in charge of Global Traveler's Check & Prepaid Card Service, Japan Branch
		August 2011	Country Manager in Singapore (President)
		February 2014	Senior Vice President of Japan Branch
		April 2014	President and Representative Director of American Express Japan Co., Ltd.
		June 2017	Outside Director of Yamaha Corporation Outside Director of AEON Financial Service Co., Ltd. (current position)
		June 2018	Outside Director of Japan Freight Railway Company (current position)
		September 2018	External Director of the Company (current position)
		April 2021	Outside Director of Sekisui House, Ltd. (current position)
		(Significant concurrent positions)	
		<ul style="list-style-type: none"> • Outside Director of AEON Financial Service Co., Ltd. • Outside Director of Japan Freight Railway Company • Outside Director of Sekisui House, Ltd. 	
		[Reasons for selection as a candidate for external director and outline of expected role]	
		<p>Ms. Yoshimi Nakajima has a solid track record as a corporate manager of other companies in Japan and overseas. In particular, she has extensive experience and broad insight primarily in international sales activities. In addition, leveraging such experience and insight, she has strived for sustainable growth and the improvement of corporate value over a medium to long term in her capacity as an external director of the Company, through providing appropriate advice on the overall management of the Company and properly supervising its management. Therefore, the Company has nominated Ms. Nakajima as a candidate for external director based on its expectations that she will be able to continue to properly carry out her duties as an external director of the Company.</p> <p>In addition, as Ms. Nakajima meets the independence standards set forth by the Tokyo Stock Exchange, while at the same time does not have any special interests in the Company and thus does not pose a risk of conflict of interests with the general shareholders from a practical perspective, the Company has registered Ms. Nakajima as an Independent Officer with the Tokyo Stock Exchange. In the event that she is reelected, she will continue to serve as an Independent Officer.</p>	
	Date of birth December 16, 1956		
	Number of shares of the Company held None		
	Attendance at Board of Directors meetings 14/14		
	Reelection		
	External		
	Independent Officer		

- (Notes)
1. No special interests exist between any of the candidates for director and the Company.
 2. Messrs. Hiroyuki Nishi and Norio Uchida, Dr. Kozo Ishida and Ms. Yoshimi Nakajima are candidates for external director.
Messrs. Hiroyuki Nishi and Norio Uchida, Dr. Kozo Ishida and Ms. Yoshimi Nakajima currently serve as external directors of the Company, and Mr. Nishi will have served for one year, Mr. Uchida will have served for six years, Dr. Ishida will have served for five years, and Ms. Nakajima will have served for three years as external directors at the close of this General Meeting of Shareholders.
 3. In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with Mr. Hiroyuki Nishi, Mr. Norio Uchida, Dr. Kozo Ishida and Ms. Yoshimi Nakajima respectively to limit their liability for damages, which is stipulated in Article 423, Paragraph 1 of the Companies Act. The Company plans to continue this liability limitation agreement with them if their election is approved as proposed at this General Meeting of Shareholders. The amount of the liability limit under such agreement shall be the amount provided for by the relevant laws and regulations.
 4. The Company has entered into a directors and officers liability insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The insurance contract covers damages and others in the event that an insured assumes liability for damages arising from his or her act (including inaction) in the course of performing his or her duties. The insurance premiums are fully borne by the Company. If the candidates are elected as directors and assume office, they will be covered under the insurance contract. The Company plans to renew the insurance contract with the same contents at the time of renewal.

Proposal No. 3: Election of One Corporate Auditor

The term of office of the Corporate Auditor, Mr. Isao Utsunomiya, will expire at the close of this General Meeting of Shareholders. Accordingly, the Company proposes to elect one Corporate Auditor.

This Proposal has received prior consent from the Board of Corporate Auditors.

The candidate for corporate auditor is as follows.

<p>Isao Utsunomiya</p> <p>Date of birth May 11, 1964</p> <p>Number of shares of the Company held None</p> <p>Attendance at Board of Directors meetings 14/14</p> <p>Attendance at Board of Corporate Auditors meetings 19/19</p> <p>Reelection</p> <p>External</p> <p>Independent Officer</p>	Past experience and positions	
	April 1997	Registered as Certified Public Tax Accountant
	July 1999	Opened Isao Utsunomiya Certified Public Tax Accountant Office
	June 2011	Manager of Welfare Department of Kyobashi Branch, Tokyo Certified Public Tax Accountants' Association
	June 2012	Representative Partner of Tsukiji Accounting Tax Corporation (current position)
	June 2013	Director of Tokyo Certified Public Tax Accountants' Association
	June 2015	Director and Deputy Manager of General Administration Department
	June 2017	Manager of General Administration Department of Kyobashi Branch
	September 2017	External Corporate Auditor of the Company (current position)
	June 2019	Deputy General Manager of Kyobashi Branch, Tokyo Certified Public Tax Accountants' Association (current position)
(Significant concurrent positions)		
• Representative Partner of Tsukiji Accounting Tax Corporation		
[Reasons for selection as a candidate for external auditor]		
<p>Mr. Isao Utsunomiya has extensive experience and expertise as a certified public tax accountant. He has contributed to sustainable growth and the improvement of corporate value over a medium to long term by providing appropriate advice on the overall management of the Company from an expert's perspective and, as an external auditor of the Company, properly supervising its overall management. Therefore, the Company has nominated Mr. Utsunomiya as a candidate for external auditor based on its expectations that he will be able to continue to properly carry out his duties as an external auditor of the Company. The Company judged that Mr. Utsunomiya can appropriately perform duties of external auditor for the above reason, although he has no experience of being involved in the management of a company other than in the capacity as external officer.</p> <p>In addition, as Mr. Utsunomiya meets the independence standards set forth by the Tokyo Stock Exchange, while at the same time does not have any special interests in the Company and thus does not pose a risk of conflict of interests with the general shareholders from a practical perspective, the Company has registered Mr. Utsunomiya as an Independent Officer with the Tokyo Stock Exchange. In the event that he is reelected, he will continue to serve as an Independent Officer.</p>		

Reelection	Candidate for corporate auditor to be reelected
External	Candidate for external auditor
Independent Officer	Registered as independent officer with the Tokyo Stock Exchange

- (Notes)
1. No special interests exist between the candidate for corporate auditor and the Company.
 2. Mr. Isao Utsunomiya is a candidate for external auditor. He currently serves as an external auditor of the Company and will have served for four years as an external auditor at the close of this General Meeting of Shareholders.
 3. In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with Mr. Isao Utsunomiya to limit his liability for damages, which is stipulated in Article 423, Paragraph 1 of the Companies Act. The Company plans to continue this liability limitation agreement with him if his election is approved as proposed at this General Meeting of Shareholders. The amount of the liability limit under such agreement shall be the amount provided for by the relevant laws and regulations.
 4. The Company has entered into a directors and officers liability insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The insurance contract covers damages and others in the event that an insured assumes liability for damages arising from his or her act (including inaction) in the course of performing his or her duties. The insurance premiums are fully borne by the Company. If Mr. Isao Utsunomiya is elected as a corporate auditor and assumes office, he will be covered under the insurance contract. The Company plans to renew the insurance contract with the same contents at the time of renewal.

[Reference] Skill matrix of Board of Directors after General Meeting of Shareholders

If the candidates described in this notice are elected as originally proposed, the composition of directors and corporate auditors and their respective expertise and experience are as summarized in the below table.

Name	Position	Expertise/experience					
		Corporate management	Global	Sales/ marketing	R&D/ technology/ manufacturing	Finance/ accounting	Legal affairs/ risk management
Setsuo Iwashita	President and Chief Executive Officer	○	○	○			
Mitsuru Motoyoshi	Director and Executive Vice President	○	○			○	
Choong Ryul Paik	Senior Managing Director	○	○		○		
Hiroyuki Nishi	Director (external)	○	○				○
Norio Uchida	Director (external)	○	○	○			
Kozo Ishida	Director (external)	○	○		○		
Yoshimi Nakajima	Director (external)	○	○	○			
Makoto Ito	Corporate Auditor					○	○
Mitsuru Yahagi	Corporate Auditor				○		
Senshu Asada	Corporate Auditor (external)						○
Isao Utsunomiya	Corporate Auditor (external)					○	

The above table summarizes the areas in which the Company has particular expectations, and not intended as description of all their expertise and experience.

Proposal No. 4: Election of One Substitute Auditor

The effective tenure of Mr. Takao Nonaka, who was elected as substitute auditor at the 116th Ordinary General Meeting of Shareholders held on September 29, 2020, will expire at the start of this General Meeting of Shareholders. Accordingly, in order to prepare for the contingency in which the Company does not have the number of corporate auditors required by laws and regulations, the Company proposes to elect one substitute auditor.

This Proposal has received prior consent from the Board of Corporate Auditors.

The candidate for substitute auditor is as follows.

<p>Takao Nonaka</p> <p>Date of birth January 29, 1949</p> <p>Number of shares of the Company held None</p> <p style="border: 1px solid black; padding: 2px; display: inline-block;">External</p> <p style="border: 1px solid black; padding: 2px; display: inline-block;">Independent Officer</p>	Past experience and positions	
	April 1971	Joined Banyu Pharmaceutical Co., Ltd. (currently MSD K.K.)
	March 1982	Registered as Certified Public Tax Accountant
	April 1982	Opened Takao Nonaka Certified Public Tax Accountant Office
		President of Takao Nonaka Certified Public Tax Accountant Office (current position)
	January 1989	President and Representative Director of Melies Co., Ltd.
	March 1991	Corporate Auditor of Kinashi Denki Co., Ltd. (current position)
	September 2009	External Corporate Auditor of the Company
	June 2011	Advisor of Kyobashi Branch, Tokyo Certified Public Tax Accountants' Association (current position)
	May 2012	Auditor of Incorporated Educational Institution Ishida Gakuen (currently Incorporated Educational Institution Kokusai Kyoiku Kiko)
	May 2013	Director of Incorporated Educational Institution Ishida Gakuen (currently Incorporated Educational Institution Kokusai Kyoiku Kiko) (current position)
	October 2013	Advisor of Kyobashi Certified Public Tax Accountants Political League (current position)
	June 2015	Auditor of Mutual Aid Association of Certified Public Tax Accountants in Japan (current position) Corporate Auditor of Nichizei Mutual Aid Co., Ltd. (current position)
	February 2017	Corporate Auditor of FIT Leadintex, Inc. (current position)
<p>(Significant concurrent positions)</p> <ul style="list-style-type: none"> • President of Takao Nonaka Certified Public Tax Accountant Office 		

	<p>[Reasons for selection as a candidate for substitute external auditor]</p> <p>Mr. Takao Nonaka not only has expertise and experience gained as a certified public tax accountant but also possesses experience as a corporate auditor of the Company as well as other companies. The Company has nominated Mr. Nonaka as a candidate for substitute external auditor based on its expectations that he will be able to contribute to sustainable growth and the improvement of corporate value over a medium to long term by leveraging his knowledge and experience to provide appropriate supervision.</p> <p>In addition, as Mr. Nonaka meets the independence standards set forth by the Tokyo Stock Exchange, while at the same time does not have any special interests in the Company and thus does not pose a risk of conflict of interests with the general shareholders from a practical perspective, the Company will register Mr. Nonaka as an Independent Officer with the Tokyo Stock Exchange, in the event that he assumes the office of corporate auditor.</p>
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External	Candidate for substitute external auditor
Independent Officer	Registered as independent officer with the Tokyo Stock Exchange

- (Notes)
1. No special interests exist between the candidate for substitute auditor and the Company.
 2. Mr. Takao Nonaka is a candidate for substitute external auditor. He has served as an external auditor of the Company in the past.
 3. In the event that Mr. Takao Nonaka assumes the office of external auditor, the Company, in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, intends to enter into an agreement with Mr. Nonaka to limit his liability for damages, which is stipulated in Article 423, Paragraph 1 of the Companies Act. The amount of the liability limit under such agreement shall be the amount provided for by the relevant laws and regulations.
 4. The Company has entered into a directors and officers liability insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The insurance contract covers damages and others in the event that an insured assumes liability for damages arising from his or her act (including inaction) in the course of performing his or her duties. The insurance premiums are fully borne by the Company. If this Proposal is approved and Mr. Nonaka thereafter assumes the office of corporate auditor, he will be covered under the insurance contract. The Company plans to renew the insurance contract with the same contents at the time of renewal.

Proposal No. 5: Revision of Remuneration for External Directors

The amount of aggregate remuneration for directors of the Company has been approved to be a maximum of ¥500 million per annum (including a maximum of ¥60 million for external directors) at the 114th Ordinary General Meeting of Shareholders held on September 27, 2018.

As the Company aims to enhance corporate value by further strengthening corporate governance, it expects external directors to play a greater role. Therefore, out of the amount of aggregate remuneration for directors, it is requested that only for the portion for external directors be increased to a maximum of ¥90 million per annum.

The amount of remuneration for external directors is composed solely of fixed monthly remuneration. While the number of directors is currently eight (including four external directors), the number will be changed to seven (including four external directors) if Proposal No. 2 “Election of Seven Directors” is approved.

This Proposal was determined by the Board of Directors, following consultation procedures with the Committee for Appointment and Remuneration, etc., which was established as an advisory body to the Board of Directors in an effort to achieve fair, impartial, and highly transparent deliberations and increase the effectiveness of the Board of Directors. The Company considers that this Proposal complies with its Policy on Decisions on the Contents of the Remunerations for Individual Directors and is appropriate.

If this Proposal is approved, the amount of aggregate remuneration for directors will be as follows.

Current amount of aggregate remuneration for directors

A maximum of ¥500 million per annum (including a maximum of ¥60 million for external directors)

Proposed revision

A maximum of ¥500 million per annum (including a maximum of ¥90 million for external directors)

Consolidated Financial Statements

Consolidated Balance Sheets

(As of June 30, 2021)

(Unit: Millions of yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	202,530	Current liabilities	77,819
Cash on hand and in banks	91,545	Notes and accounts payable, trade	36,073
Notes and accounts receivable, trade	66,289	Short-term loans payable	8,508
Merchandise and finished goods	4,064	Lease obligations	722
Work in process	22,785	Income taxes payable	2,182
Raw materials and supplies	10,309	Advances received	12,659
Other	7,858	Accrued employees' bonuses	3,048
Allowance for doubtful accounts	(319)	Accrued directors' bonuses	355
Non-current assets	90,231	Accrued warranty costs	1,222
Property, plant and equipment	66,086	Provision for loss on order received	1,253
Buildings and structures	28,321	Other	11,797
Machinery, equipment and vehicles	19,253	Long-term liabilities	41,243
Tools, furniture and fixtures	1,448	Long-term loans payable	30,943
Land	8,480	Lease obligations	2,361
Leased assets	2,967	Deferred tax liabilities	42
Construction in progress	5,617	Net defined benefit liability	6,968
Intangible assets	3,496	Provision for board benefit trust	198
Leased assets	34	Asset retirement obligations	406
Software	1,347	Other	326
Other	2,115	Total liabilities	119,062
Investments and other assets	20,649	(Net Assets)	
Investment securities	7,360	Shareholders' equity	162,015
Deferred tax assets	6,385	Capital stock	20,873
Other	8,763	Capital surplus	3,912
Allowance for doubtful accounts	(1,859)	Retained earnings	137,573
		Treasury shares	(343)
		Accumulated other comprehensive income	4,884
		Valuation difference on available-for-sale securities	2,174
		Foreign currency translation adjustment	4,132
		Remeasurements of defined benefit plans	(1,422)
		Non-controlling interests	6,800
		Total net assets	173,699
Total assets	292,761	Total liabilities and net assets	292,761

(Note) Figures presented in the financial statements are rounded off to the nearest million yen.

Consolidated Statements of Income

(July 1, 2020–June 30, 2021)

(Unit: Millions of yen)

Description	Amount	
Net sales		183,011
Cost of sales		129,247
Gross profit		53,764
Selling, general and administrative expenses		36,567
Operating profit		17,197
Non-operating income		
Interest income	199	
Dividend income	650	
Insurance and dividends income	586	
Subsidy income	328	
Share of profit of entities accounted for using equity method	569	
Other	828	3,160
Non-operating expenses		
Interest expenses	498	
Foreign exchange losses	373	
Other	1,520	2,391
Ordinary profit		17,966
Extraordinary income		
Gain on sales of investment securities	4,998	
Gain on sales of non-current assets	55	5,053
Extraordinary losses		
Loss on retirement of non-current assets	99	
Loss on liquidation of subsidiaries and associates	378	
Expenses for COVID-19 measures	984	1,460
Income before income taxes		21,559
Current income taxes	4,867	
Deferred income taxes	1,218	6,085
Net income		15,474
Net income attributable to non-controlling interests		644
Net income attributable to owners of parent		14,830

(Note) Figures presented in the financial statements are rounded off to the nearest million yen.

Consolidated Statements of Changes in Equity

(July 1, 2020–June 30, 2021)

(Unit: Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	20,873	3,912	126,571	(349)	151,007
Changes of items during the period					
Dividends of surplus			(3,948)		(3,948)
Net income attributable to owners of parent			14,830		14,830
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares				7	7
Change related to merger between consolidated and non-consolidated subsidiaries			120		120
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	11,002	6	11,008
Balance at the end of current period	20,873	3,912	137,573	(343)	162,015

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	5,301	(572)	(1,482)	3,246	6,840	161,093
Changes of items during the period						
Dividends of surplus						(3,948)
Net income attributable to owners of parent						14,830
Purchase of treasury shares						(1)
Disposal of treasury shares						7
Change related to merger between consolidated and non-consolidated subsidiaries						120
Net changes of items other than shareholders' equity	(3,127)	4,704	60	1,637	(40)	1,598
Total changes of items during the period	(3,127)	4,704	60	1,637	(40)	12,605
Balance at the end of current period	2,174	4,132	(1,422)	4,884	6,800	173,699

(Note) Figures presented in the financial statements are rounded off to the nearest million yen.

Non-consolidated Financial Statements
Non-consolidated Balance Sheets
(As of June 30, 2021)

(Unit: Millions of yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	124,491	Current liabilities	56,350
Cash on hand and in banks	56,312	Notes payable, trade	541
Notes receivable, trade	559	Electronically recorded obligations, operating	11,748
Electronically recorded monetary claims, operating	1,448	Accounts payable, trade	21,059
Accounts receivable, trade	40,299	Current portion of long-term loans payable	5,082
Finished goods	693	Lease obligations	54
Raw materials	2,800	Accounts payable, other	2,989
Work in process	9,499	Advances received	3,095
Short-term loans receivable	7,130	Deposits received	7,514
Accounts receivable, other	4,127	Accrued employees' bonuses	520
Other	1,672	Accrued directors' bonuses	180
Allowance for doubtful accounts	(47)	Accrued warranty costs	517
Non-current assets	74,042	Provision for loss on order received	1,246
Property, plant and equipment	38,290	Other	1,805
Buildings	12,918	Long-term liabilities	28,477
Structures	211	Long-term loans payable	27,567
Machinery and equipment	13,958	Lease obligations	316
Vehicles	9	Provision for board benefit trust	198
Tools, furniture and fixtures	409	Asset retirement obligations	210
Land	5,522	Other	186
Leased assets	323	Total liabilities	84,827
Construction in progress	4,941	(Net Assets)	
Intangible assets	2,496	Shareholders' equity	111,586
Patent right	1,054	Capital stock	20,873
Software	682	Capital surplus	4,582
Other	760	Legal capital surplus	105
Investments and other assets	33,255	Other capital surplus	4,477
Investment securities	3,428	Retained earnings	86,473
Shares of subsidiaries and associates	14,266	Legal retained earnings	2,355
Investments in capital of subsidiaries and associates	10,842	Other retained earnings	84,118
Long-term loans receivable	201	Reserve for advanced depreciation of non-current assets	468
Guarantee deposits	263	Retained earnings brought forward	83,650
Prepaid pension cost	459	Treasury shares	(342)
Deferred tax assets	3,515	Valuation and translation adjustments	2,119
Other	1,640	Valuation difference on available-for- sale securities	2,119
Allowance for doubtful accounts	(1,359)	Total net assets	113,705
Total assets	198,532	Total liabilities and net assets	198,532

(Note) Figures presented in the financial statements are rounded off to the nearest million yen.

Non-consolidated Statements of Income

(July 1, 2020–June 30, 2021)

(Unit: Millions of yen)

Description	Amount	
Net sales		81,690
Cost of sales		60,200
Gross profit		21,490
Selling, general and administrative expenses		19,045
Operating profit		2,445
Non-operating income		
Interest and dividend income	8,184	
Rent income	422	
Other	590	9,196
Non-operating expenses		
Interest expenses	382	
Assets for lease expenses	314	
Other	852	1,548
Ordinary profit		10,093
Extraordinary income		
Gain on sales of investment securities	4,998	
Gain on sales of non-current assets	35	5,033
Extraordinary losses		
Loss on sales of non-current assets	8	
Loss on retirement of non-current assets	56	
Expenses for COVID-19 measures	808	
Other	11	883
Income before income taxes		14,243
Current income taxes	604	
Deferred income taxes	660	1,264
Net income		12,979

(Note) Figures presented in the financial statements are rounded off to the nearest million yen.

Non-consolidated Statements of Changes in Equity

(July 1, 2020–June 30, 2021)

(Unit: Millions of yen)

	Shareholders' equity									
	Capital stock	Capital surplus			Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
						Reserve for advanced depreciation of non-current assets	Retained earnings brought forward			
Balance at the beginning of current period	20,873	105	4,477	4,582	1,960	530	74,952	77,442	(348)	102,549
Changes of items during the period										
Dividends of surplus							(3,948)	(3,948)		(3,948)
Provision of legal retained earnings due to dividends of surplus					395		(395)	–		–
Reversal of reserve for advanced depreciation of non-current assets						(62)	62	–		–
Net income							12,979	12,979		12,979
Purchase of treasury shares									(1)	(1)
Disposal of treasury shares									7	7
Net changes of items other than shareholders' equity										
Total changes of items during the period	–	–	–	–	395	(62)	8,698	9,031	6	9,037
Balance at the end of current period	20,873	105	4,477	4,582	2,355	468	83,650	86,473	(342)	111,586

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	5,277	5,277	107,826
Changes of items during the period			
Dividends of surplus			(3,948)
Provision of legal retained earnings due to dividends of surplus			–
Reversal of reserve for advanced depreciation of non-current assets			–
Net income			12,979
Purchase of treasury shares			(1)
Disposal of treasury shares			7
Net changes of items other than shareholders' equity	(3,157)	(3,157)	(3,157)
Total changes of items during the period	(3,157)	(3,157)	5,879
Balance at the end of current period	2,119	2,119	113,705

(Note) Figures presented in the financial statements are rounded off to the nearest million yen.