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(Stock Exchange Code: 6490)
June 8, 2020

To Shareholders with Voting Rights:

Kiyohisa Iwanami
President
NIPPON PILLAR PACKING CO., LTD.
1-7-1 Shinmachi, Nishi-ku, Osaka City

NOTICE OF
THE 72ND ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

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

Please be informed that the 72nd Ordinary General Meeting of Shareholders of Nippon Pillar Packing Co., Ltd. (the "Company") will be held for the purposes as described below.

You can exercise your voting rights in writing or through electromagnetic means (the Internet, etc.). Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:00 p.m. on Wednesday, June 24, 2020, Japan time.

1. Date and Time: Thursday, June 25, 2020 at 10:00 a.m. Japan time
(Reception opens at 9:00 a.m.)

2. Place: Conference room on the 4th floor at the Company's head office located at 1-7-1 Shinmachi, Nishi-ku, Osaka City

3. Agenda:

Matters to be reported:

1. Business Report and report on Consolidated Financial Statements and Non-consolidated Financial Statements for the 72nd Fiscal Year (from April 1, 2019 to March 31, 2020)
2. Report on results of audits of the Consolidated Financial Statements for the 72nd Fiscal Year by the Accounting Auditor and the Audit and Supervisory Committee

Proposals to be resolved:

Proposal 1:	Appropriation of Surplus
Proposal 2:	Partial Amendments to the Articles of Incorporation
Proposal 3:	Election of Six (6) Directors (excluding Directors who are Audit and Supervisory Committee Members)
Proposal 4:	Determination of Remuneration for the Purpose of Granting Restricted Shares to Directors (excluding External Directors and Directors who are Audit and Supervisory Committee Members)
Proposal 5:	Continuation of Countermeasures to Large-scale Acquisitions of the Company's Shares, etc. (Takeover Defense Measures)

*** When attending the Meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.**

*** The following materials are posted on the Company's website (https://www.pillar.co.jp/) pursuant to laws and regulations and Article 15 of the Company's Articles of Incorporation. Therefore, these materials are not attached to this convocation notice.**

(1) Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements

(2) Statement of Changes in Equity and Notes to Non-consolidated Financial Statements

Please note that the materials listed in (1) and (2) above posted on the Company's website, as well as respective statements attached to this convocation notice, constitute the Consolidated Financial Statements and the Non-consolidated Financial Statements audited by the Audit and Supervisory Committee and the Accounting Auditor.

*** Please be advised that if any matters to be stated in the Reference Documents for the General Meeting of Shareholders, the Business Report, Consolidated Financial Statements and/or Non-consolidated Financial Statements need to be revised, the revised versions will be posted on the Company's website (https://www.pillar.co.jp/).**

Precautions when Exercising Voting Rights via Internet

If shareholders wish to exercise voting rights via the Internet, please read the following information carefully and exercise your voting rights no later than 5:00 p.m. on Wednesday, June 24, 2020, Japan time. Please be advised that shareholders who attend the Meeting on the day do not need to send the Voting Rights Exercise Form by postal mail or exercise your voting rights via the Internet.

1. Voting Rights Exercise Website

(1) Exercise of voting rights via the Internet is available only through the Voting Rights Exercise Website (https://evote.tr.mufg.jp/) designated by the Company which can be accessed via personal computer, smartphone or cellular phone.
(Please note that the website is not accessible from 2 a.m. to 5 a.m. every day.)

(2) The Voting Rights Exercise Website may not be available via personal computer, smartphone or cellular phone, depending on the Internet user environment, services subscribed to or type of equipment used. Please contact the following Help Desk for details.

2. Method to exercise voting rights via the Internet

(1) Please enter the "Login ID" and "Temporary Password" stated in the Voting Rights Exercise Form at the Voting Rights Exercise Website (https://evote.tr.mufg.jp/) and register your vote for or against the proposals in accordance with the guidance displayed therein.

(2) Shareholders who exercise voting rights via the Internet will be requested to change the "Temporary Password" at the Voting Rights Exercise Website for the prevention of unauthorized access, etc., by third parties other than shareholders. We appreciate your kind understanding.

3. Expenses incurred upon accessing Voting Rights Exercise Website

Any expenses incurred upon accessing the Voting Rights Exercise Website, such as Internet connection service fees and communication charges, shall be borne by shareholders.

4. Treatment of voting rights exercised more than once

(1) In the event that voting rights are exercised both by postal mail and via the Internet, the exercise via the Internet will be considered the valid exercise of voting rights.

(2) In the event that voting rights are exercised more than once via the Internet, the last exercise of voting rights will be considered the valid exercise of voting rights.

For inquiries about the systems or relevant matters, please contact:
Stock Transfer Agency Department (Help Desk), Mitsubishi UFJ Trust and Banking Corporation
Telephone: 0120-173-027 (Operating hours: 9:00 a.m. to 9:00 p.m./Toll free)

<To institutional investors>
Institutional investors may use the Electronic Voting Rights Exercise Platform operated by ICJ, Inc. upon the exercise of voting rights if subscription for the use of the platform is made in advance.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The Company considers that returning profits to its shareholders is one of its major management priorities, and its basic policy is to endeavor to pay stable dividends on an ongoing basis and improve the level of dividends.

Based on the aforementioned policy, it is proposed that the year-end dividend for the 72nd Fiscal Year be 20 yen per share, in consideration of the Company's operating results in the 72nd Fiscal Year.

Matters concerning year-end dividend

(1) Type of dividend property
Cash

(2) Matters concerning allocation of dividend property to shareholders and total amount thereof
20 yen per share of the Company's common stock
Total amount; 482,944,620 yen
As an interim dividend of 20 yen per share has been paid, the annual dividend for the 72nd Fiscal Year will be 40 yen per share.

(3) Effective date of payment of dividend
June 26, 2020

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reason for amendments

With regard to the convening and operation of the Board of Directors, it is proposed that Article 24 of the current Articles of Incorporation be amended to enable the Company's Board of Directors to make a flexible response in accordance with its composition.

2. Details of amendment

The details of the proposed amendments are as follows:

(Underlines indicate amended portions.)

Current provisions of the Articles of Incorporation	Proposed amendments
Chapter 4 Directors and Board of Directors Article 24 Convener and Chairman of the Board of Directors Unless otherwise specified by laws and regulations, the Board of Directors shall be convened and chaired by the President. 2. In the event that an accident befalls the President, another Director shall convene and chair the Board of Directors meeting in an order predetermined by the Board of Directors.	Chapter 4 Directors and Board of Directors Article 24 Convener and Chairman of the Board of Directors Unless otherwise specified by laws and regulations, the Board of Directors shall be convened and chaired by the Chairman or President. 2. In the event that an accident befalls the Chairman and President, another Director shall convene and chair the Board of Directors meeting in an order predetermined by the Board of Directors.

Proposal 3: Election of Six (6) Directors (excluding Directors who are Audit and Supervisory Committee Members)

The terms of office of all five (5) Directors (excluding Directors who are Audit and Supervisory Committee Members) will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, the Company proposes increasing the number of Directors by one (1) in order to strengthen the management structure and electing six (6) Directors (excluding Directors who are Audit and Supervisory Committee Members).

The Audit and Supervisory Committee has given its opinion on this Proposal to the effect that all candidates are competent.

The candidates for Directors (excluding Directors who are Audit and Supervisory Committee Members) are as follows:

No.	Name	Positions and responsibilities at the Company	Board of Directors attendance (FY2019)
1	Kiyohisa Iwanami Reappointment	Director, Representative Executive Officer and Chief Executive Officer CEO	100% 6/6
2	Yoshinobu Iwanami Reappointment	Director, Senior Executive Officer, and General Manager of Sales Headquarters	100% 6/6
3	Ikuo Hoshikawa Reappointment	Director, Senior Executive Officer, In charge of Engineering/Production Division, and General Manager of Sanda Factory	100% 6/6
4	Katsuhiko Shukunami Reappointment	Director, Managing Executive Officer, General Manager of Administration Headquarters, General Manager of Corporate Planning Dept. and General Manager of Security Export Control Dept.	100% 6/6
5	Yoshinori Suzuki Reappointment External Independent	External Director	100% 5/5
6	Junichi Komamura New candidate External Independent	—	—

(Note): Mr. Yoshinori Suzuki's attendance at meetings of the Board of Directors reflects the status of his attendance after assuming office on June 25, 2019.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	Kiyohisa Iwanami (December 14, 1948) Reappointment	August 1978 Joined the Company Director of the Company February 1985 Managing Director of the Company August 1987 Executive Vice President of the Company June 1989 President of the Company (to present) June 2007 President and Executive Officer of the Company (to present)	725,500
	[Reason for nomination as a candidate for Director] Mr. Kiyohisa Iwanami, who has been in charge of the management of the Group as President for many years, is renominated as a candidate for Director in consideration of his accomplishments in serving as the driving force of the Group as a whole by demonstrating his leadership, as well as his significant insight, achievements, capabilities and wealth of experience concerning management.		
2	Yoshinobu Iwanami (September 5, 1979) Reappointment	June 2010 Joined the Company Executive Officer of the Company June 2012 Director of the Company (to present) March 2013 Deputy General Manager, Production Headquarters of the Company March 2014 General Manager of Global Business Dept., Sales Headquarters of the Company June 2014 Managing Executive Officer of the Company June 2018 Senior Executive Officer of the Company (to present) General Manager of Sales Headquarters of the Company (to present) (Significant concurrent positions) Representative Director of Nippon Pillar Corporation of America Co., Ltd. Representative Director of Nippon Pillar Singapore Pte Ltd.	62,200
	[Reason for nomination as a candidate for Director] Mr. Yoshinobu Iwanami is renominated as a candidate for Director in consideration of his accomplishments and his high level of expertise in supervising the Company's overseas expansion and promoting globalization in recent years by demonstrating strong leadership, in addition to driving the Group's overall sales activities as General Manager of Sales Headquarters.		
3	Ikuo Hoshikawa (June 9, 1957) Reappointment	June 2010 Executive Officer of the Company June 2014 Managing Executive Officer of the Company March 2016 General Manager of Sanda Factory of the Company (to present) June 2016 Director of the Company (to present) In charge of Engineering/Production Division of the Company (to present) General Manager of Production Engineering Headquarters of the Company April 2018 General Manager of Production Headquarters of the Company June 2018 Senior Executive Officer of the Company (to present) (Significant concurrent positions) President of Suzhou Pillar Industry Co., Ltd. Representative Director of Nippon Pillar Corporation of Mexico	21,300
	[Reason for nomination as a candidate for Director] Mr. Ikuo Hoshikawa is renominated as a candidate for Director in consideration of his significant accomplishments in establishing an enhanced production framework in recent years by being in charge of Engineering/Production Division, in addition to improving productivity.		

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
4	Katsuhiko Shukunami (May 27, 1959) Reappointment	May 2014 Joined the Company June 2014 Director of the Company (to present) Executive Officer of the Company March 2015 General Manager of Corporate Planning Dept. of the Company (to present) June 2016 Managing Executive Officer of the Company (to present) March 2017 General Manager of Security Export Control Dept. of the Company (to present) General Manager of System Dept. of the Company June 2018 General Manager of Administration Headquarters (to present)	11,700
	[Reason for nomination as a candidate for Director] Mr. Katsuhiko Shukunami has demonstrated leadership in areas such as corporate planning, accounting & finance, general affairs and personnel as General Manager of Administration Headquarters. He is renominated as a candidate for Director in consideration of his substantial accomplishments and his wealth of knowledge based on past experience.		

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
5	Yoshinori Suzuki (April 27, 1952) Reappointment External Independent	April 1975 Joined Tateisi Electronics Co. (current OMRON Corporation) June 2003 Executive Officer of OMRON Corporation June 2006 Managing Executive Officer of OMRON Corporation April 2013 Senior Managing Executive Officer of OMRON Corporation June 2013 Senior Managing Director and CFO of OMRON Corporation April 2014 Visiting Professor of Doshisha Business School, Doshisha University (to present) June 2014 Representative Director, Vice President and CFO of OMRON Corporation June 2018 Outside Director of SENQCIA CORPORATION (to present) June 2019 External Director of the Company (to present) (Significant concurrent positions) Visiting Professor of Doshisha Business School, Doshisha University Outside Director of SENQCIA CORPORATION	3,000
	[Attendance at FY2019 Board of Directors Meetings: 100%] [Reason for nomination as a candidate for External Director] Mr. Yoshinori Suzuki is renominated as a candidate for External Director for his objective and useful opinions backed by his wealth of knowledge and experience as well as his broad insight as a management executive of business corporations which he has gained throughout his career. He will have served as External Director for one (1) year at the conclusion of this General Meeting of Shareholders.		

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
6	Junichi Komamura (May 3, 1950) New candidate External Independent	April 1973 Joined Mitsubishi Corporation April 1996 President of Miteni, a portfolio company of Mitsubishi Corporation (Italy) August 2003 Executive Officer of Morishita Jintan Co., Ltd. June 2004 Director, Managing Executive Officer and Head of Corporate Planning of Morishita Jintan Co., Ltd. April 2005 Senior Managing Director and Senior Managing Executive Officer of Morishita Jintan Co., Ltd. November 2005 Representative Director and Managing Executive Officer of Morishita Jintan Co., Ltd. October 2006 Representative Director and President of Morishita Jintan Co., Ltd. March 2012 Member of the Board of AnGes, Inc. (to present) July 2019 External Director of Point Market Co., Ltd. (to present) (Significant concurrent positions) Member of the Board of AnGes, Inc. External Director of Point Market Co., Ltd.	—
	[Reason for nomination as a candidate for Director] Mr. Junichi Komamura is newly nominated as a candidate for External Director for his objective and useful opinions backed by his wealth of knowledge and experience as well as his broad insight as a management executive of business corporations which he has gained throughout his career.		

(Notes)

1. There is no special interest between any candidate for Director and the Company.
2. Mr. Yoshinori Suzuki and Mr. Junichi Komamura are candidates for External Director.
3. Pursuant to Article 427, paragraph 1 of the Companies Act, the Company has concluded an agreement with Mr. Yoshinori Suzuki to limit his liability for damages under Article 423, paragraph 1 of the same act. The amount of liability for damages under said agreement is limited to the amount prescribed by laws and regulations. The Company plans to continue said agreement if his election in this Proposal is approved. The Company has designated Mr. Yoshinori Suzuki as an independent director pursuant to the provisions of the Tokyo Stock Exchange, Inc. (TSE) and has notified TSE to that effect.
4. Pursuant to Article 427, paragraph 1 of the Companies Act, the Company plans to conclude an agreement with Mr. Junichi Komamura to limit his liability for damages under Article 423, paragraph 1 of the said Act if his election in this Proposal is approved. The amount of liability for damages under the said agreement is limited to the amount prescribed by laws and regulations. The Company plans to designate Mr. Junichi Komaura as an independent director pursuant to the provisions of TSE.

<Reference> "Independence Standards for Independent External Directors" of the Company

In keeping with the Corporate Governance Code (Principle 4-9) and the independence criteria provided by financial instruments exchanges, the Company formulated the "Independence Standards for Independent External Directors" upon approval by the Board of Directors with the consent of the Audit & Supervisory Committee in order to clarify the standards for securing the independence of independent external directors.

The Company determines that its External Directors or candidates for External Directors have sufficient independence if they are deemed to satisfy all the requirements in the items below upon the Company's investigation within a reasonable and feasible extent.

1. The entity is currently not an executive of the Company or its affiliates (collectively, the "Group") nor has ever been in the past
2. As for External Directors who are Audit & Supervisory Committee Members, the entity has never been a non-executive director or an accounting advisor (in case the accounting advisor is a corporation, a partner executing its duties) of the Group
3. The entity does not fall under any of the following items during the past three years
   (1) The entity is not a relative within the second degree of kinship with accounting advisors, corporate officers, executive officers or managers, or any other significant employees (collectively, the "Director, etc.") of the Group
   (2) The entity is not a major shareholder of the Company (a shareholder with 10% or more direct or indirect holding of voting rights), the Director, etc. thereof, or the Director, etc. of a company of which the Group is a major shareholder
   (3) The entity is not the Director, etc. of the Group's major trading partner (a company with which payments made or received for transactions with the Group substantially account for 2% or more of consolidated net sales of the Group or the trading partner's group)
   (4) The entity has not received donations of 10 million yen or more from the Group in the relevant fiscal year
   (5) The entity is not an attorney at law, certified public accountant or provider of specialized services such as consulting, etc. that received 10 million yen or more in compensation from the Group, other than compensation as a Director/Auditor in the relevant fiscal year
   (6) There are no interlocking external directorship between the Group and the company where the entity serves as Director, etc.

Proposal 4: Determination of Remuneration for the Purpose of Granting Restricted Shares to Directors (excluding External Directors and Directors who are Audit and Supervisory Committee Members)

The amount of remuneration for the Company's Directors (excluding Directors who are Audit and Supervisory Committee Members) was approved by resolution of the 69th Ordinary General Meeting of Shareholders to be no more than 240 million yen per year (out of this amount, the amount of remuneration, etc. to External Directors be no more than 30 million yen per year) (however, not including any employee salaries payable to Directors who are also employees).

As part of a review of the officer compensation system, in order to provide an incentive to the Company's Directors (excluding External Directors and Directors who are Audit and Supervisory Committee Members; hereinafter, "Eligible Directors") to continuously enhance the Company's corporate value and further promote the sharing of value with shareholders, the Company now requests approval for payment of remuneration, separate from the above remuneration, for the purpose of granting restricted shares to Eligible Directors.

Remuneration paid for the purpose of granting restricted shares to Eligible Directors based on this Proposal shall be monetary receivables (hereinafter, "monetary remuneration receivables"), the total amount of which shall be no more than 50 million per year, which is an amount considered appropriate in view of the above objectives. In addition, the specific timing and distribution of payments to each Eligible Director shall be determined by the Board of Directors. However, no remuneration for the purpose of granting restricted shares shall be paid to External Directors and Directors who are Audit and Supervisory Board Members.

We also propose that the above amount of remuneration not include any employee salaries payable to Directors who are also employees.

The current number of Directors (excluding Directors who are Audit and Supervisory Board Members) is five (5), including one (1) External Director. However, if Proposal 3: Election of Six (6) Directors (excluding Directors who are Audit and Supervisory Committee Members) is approved as originally proposed, the number of Directors (excluding Directors who are Audit and Supervisory Board Members) will be six (6), including two (2) External Directors.

In addition, Eligible Directors shall make in-kind contribution of all monetary remuneration receivables paid in accordance with the Proposal based on a resolution by the Board of Directors and shall receive shares of the Company's common stock that will be issued or disposed of by the Company. The total number of shares of the Company's common stock that will be thus issued or disposed of shall be no more than 50,000 per year (however, in the event of circumstances necessitating an adjustment to the total number of shares of the Company's common stock that are issued or disposed of as restricted shares on or after the date on which the Proposal is approved, such as a stock split of the Company's common stock (including the gratis allotment of the Company's common stock), reverse stock split, or any other reason, the number of total shares shall be adjusted within a reasonable extent).

The amount paid per share shall be determined by the Board of Directors within an extent that is not especially advantageous to the Eligible Director in receipt of said common stock based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding each date of resolution by the Board of Directors meeting (if no transactions are concluded on that day, the closing price of the immediately preceding date). In addition, when thus issuing or disposing of the Company's common stock, the Company and Eligible Directors shall enter into a restricted share allotment agreement (hereinafter, "Allotment Agreement") whose contents shall include the following.

(1) Transfer Restriction Period
With regard to the Company's common stock allotted in accordance with the Allotment Agreement (hereinafter, "Allotted Shares"), during the period stipulated in advance by the Company's Board of Directors from three (3) years to fifty (50) years from the date of allotment under the Allotment Agreement (hereinafter, "Transfer Restriction Period"), Eligible Directors may not transfer, establish a security interest on, or otherwise dispose of Allotted Shares (hereinafter, "Transfer Restrictions").

(2) Treatment upon Retirement
In the event that an Eligible Director retires from a position stipulated in advance by the Company's Board of Directors prior to the expiration of the Transfer Restriction Period, other than in the event of retirement, expiration of term of office, death, or any other justifiable reason, the Company shall, as a matter of course, acquire the Allotted Shares at no consideration.

(3) Removal of the Transfer Restrictions

Notwithstanding the provisions in (1) above, the Company shall remove the Transfer Restrictions on all Allotted Shares upon the expiration of the Transfer Restriction Period on the condition that Eligible Directors have continuously remained in a position stipulated in advance by the Company's Board of Directors during the Transfer Restriction Period. However, in the event that an Eligible Director retires from a position stipulated in (2) above prior to the expiration of the Transfer Restriction Period due to the expiration of the term of office, death, or any other justifiable reason as stipulated in (2) above, the number of Allotted Shares for which the Transfer Restrictions are to be removed and the timing thereof shall be reasonably adjusted as necessary. In addition, the Company shall, as a matter of course, acquire the Allotted Shares for which the Transfer Restrictions have not been removed at no consideration immediately upon the removal of the Transfer Restrictions in accordance with the above provisions.

(4) Treatment in the Event of Restructuring, etc.

Notwithstanding the provisions in (1) above, in the event that, during the Transfer Restriction Period, the Company's General Meeting of Shareholders approves a proposal for a merger agreement whereby the Company becomes the non-surviving company, a share exchange agreement or a share transfer plan whereby the Company becomes the wholly-owned subsidiary, or any other matters pertaining to restructuring, etc. (however, in the event that the approval of the Company's General Meeting of Shareholders for said restructuring, etc. is not required, approval by the Company's Board of Directors), the Company shall remove the Transfer Restrictions on a reasonably determined number of Allotted Shares prior to the effective date of said restructuring, etc. by resolution of the Company's Board of Directors based on the period from the commencement date of the Transfer Restriction Period to the date of approval of said restructuring, etc. When restriction is released, the Company shall, as a matter of course, acquire the Allotted Shares at no consideration.

(5) Other Matters

Other matters pertaining to the Allotment Agreement shall be determined by the Company's Board of Directors.

Proposal 5: Continuation of Countermeasures to Large-Scale Acquisitions of the Company's Shares, etc. (Takeover Defense Measures)

Having obtained the approval of the shareholders at the Ordinary General Meeting of Shareholders held on June 27, 2008, the Company introduced the "Countermeasures to Large-Scale Acquisitions of the Company's Shares and Other Securities (Takeover Defense Measures)."

The plan still continues based on a resolution of the Ordinary General Meeting of Shareholders held on June 23, 2011, a resolution of the Ordinary General Meeting of Shareholders held on June 26, 2014, and a resolution of the Ordinary General Meeting of Shareholders held on June 23, 2017. (The current Takeover Defense Measures shall be hereinafter referred to as the "Current Plan"). The Current Plan will expire at the close of this Ordinary General Meeting of Shareholders.

The Company has continuously considered what form the Current Plan should take, including whether to continue the Current Plan, from the perspective of the protection and enhancement of corporate value and shareholders' common interests. As a result, the Board of Directors of the Company has decided to continue the Current Plan subject to the shareholders' approval at this Ordinary General Meeting of Shareholders (the "Countermeasures to Large-Scale Acquisitions of the Company's Shares (Takeover Defense Measures)" to be continued shall be hereinafter referred to as the "Plan").

Upon the continuation of the Plan, some changes have been made to the contents of the Current Plan. The main changes include:

(1) The Plan has been revised to clarify that in the event that the Company acquires Subscription Rights to Shares held by ineligible persons, no money, etc. will be delivered as consideration for the Subscription Rights to Shares.

(2) Other than the above, the wording has been revised.

Accordingly, we request that the shareholders approve the continuation of the Plan in order to further reflect the shareholders' will, considering the importance of the Plan.

I. Basic Policies Concerning the Person Who Controls Decisions on the Company's Financial and Business Policies

The Company believes that the person who controls decisions on the Company's financial and business policies should protect and enhance the Company's corporate value and shareholders' common interests in a continuous and sustainable manner. If a purchase of the Company's shares intending a Large-Scale Acquisition is attempted, it should be left to the shareholders' decision whether to accept such acquisition. We believe, however, it is management's responsibility to protect corporate value and shareholders' common interests if such acquisition is attempted for undue purposes. Accordingly, it is of great importance for the shareholders to be provided with sufficient information. Any impact such purchase or acquisition proposal may have on corporate value and shareholders' common interests should be carefully considered based on business details, future business plan and past investment activities, etc., of the person intending such Large-Scale Acquisition.

II. Specific Initiatives to Contribute to Achieving Basic Policies

Since its foundation in 1924, the Company has responded to technological requirements arising from various needs of industries by developing new products and new technologies based on its "fluid leak sealing technology," and offered high-performance products trusted by customers including mechanical seals, gland packing and gaskets. These products are used in a wide variety of areas covering electrics, marine industry, automobiles and electronics, and the Company, by leveraging its technologies relevant to such materials, designs and processing fostered through its experience, has developed and offered fluorine resin products, highly recognized both in Japan and abroad, for industries relevant to semiconductor/liquid crystal manufacturing equipment.

The corporate philosophy that has sustained such business development is found in the Company's credos, which have been consistently inherited ever since the foundation. The mottoes of "quality first," which is the basis of long-term trust with customers, "through cooperation and harmony," which indicates the importance of bringing all the abilities of employees together by eliminating organizational walls, and "the continuation of research," by which we stay ahead of competitors, as pillars of technology, exist in our corporate activities continuing to date and were essential for past development, as well as for further advances going forward.

We believe that major sources of the Company's corporate value generated by having maintained these credos can be found in (1) technological development capabilities aiming at new value creation, (2) production systems pursuing efficiency, (3) quality assurance system providing customer satisfaction and (4) human resource development that generates the aforementioned sources.

1) First of all, With respect to technological development capabilities, the Company is committed to the development of unique products in which the Company is engaged from the development stage of materials (source material) and highly regarded by customers for its offering of high-performance products targeting growth areas driven by changes in industrial structure. Furthermore, the Company aims to attain a higher state to meet customer needs with its focus on the trend of cutting-edge technologies.
2) Next, in terms of production systems, the Company's products such as semiconductors and liquid crystals are used as important functional components in various industries including electrics, petroleum, chemicals, maritime, automotive, civil engineering, and food. Due to different specifications by use, the Company is required to optimize the design and production of its products for each use. The Company has achieved efficient and high-quality production systems in order to offer sophisticated responses to customer demands.
3) Furthermore, with respect to the quality assurance system, the Company has established a proprietary quality assurance system in various stages ranging from product development and design to production and sales services, and continuously offered high-quality products to all customers, as demonstrated by the fact that the Company is the first Japanese seal manufacturer which has obtained ISO 9001 certification (international standard).
4) Finally, it is human power that generates new technologies and high-performance products, and even the future of a corporation. It is of great importance to foster human resources who can lead the reformation with the concept of total optimization. The Company is committed to the development of human resources who can play active roles both domestically and abroad with expertise and a broad vision.

The continuous accumulation of such initiatives since our foundation represents the source of our current corporate value. Accordingly, we believe the enhancement of the social significance of the Company through the continuation and development of our corporate culture will contribute to the maximization of corporate value and shareholders' common interests.

Based on the aforementioned policy, the Company has launched from this April the new medium-term management plan "BTvision22 (Break Through Vision 22)" covering three business years until March, 2023 in order to contribute to the protection and enhancement of corporate value and shareholders' common interests while meeting serious social requirements with respect to compliance and quality.

The Company positions the "the expansion of business foundations," "cultivation of globalization," "creation of new business," "promotion of ESG/SDGs management," and "financial strategy" as the basic strategies of BTvision22 and aims at further growth and enhancement of corporate value by achieving solid trust from customers by pursuing such strategies.

As specific initiatives for "the expansion of business foundations," the Company will accelerate the challenge to enter growth markets, including the automotive market where innovative technology is being applied, and the semiconductor market where demand is expected to increase due to AI and IoT. We aim to further improve technological competitiveness and will undertake new product development and service deployment in response to the "specialization" and "diversification" of customer needs by leveraging the advantages of an integrated seal manufacturer in the fluid control-related equipment market. In addition, with the new Sanda Factory now at full operation, we will work on improving the speed of response to customer demands and cost competitiveness by improving productivity through automation and labor savings. We think it is human power that drives continuous corporate development. It is of importance to foster human resources who can lead the reformation with the concept of total optimization. The Company will work on the development of human resources who will respond flexibly to changes in the business environment and serve as the engine for sustainable growth, including by building an organizational system for the transmission of core technology and skills, and fostering data scientists through industry-academia collaboration.

Next, for the "cultivation of globalization," with the startup of new overseas bases in the U.S. and Indonesia, the Company will harness demand for fluororesin processing in the U.S. and focus on capturing demand in the plant market mainly in Southeast Asia by improving our response to mechanical seal repairs in Indonesia. Furthermore, we will steadily proceed with market volume research and customer development in Asia, the Middle East, and Africa where market growth and new demand are expected going forward. Along with such initiatives, the Company will also undertake the "establishment of an overseas network" and "the development of global human resources" to formulate an organizational structure in line with the rapidly-changing global environment.

Furthermore, with respect to the "creation of new business," the Company aims at the development of new products that meet the needs of every market including automotive and telecommunication starting with the environment and IT digital by leveraging the proprietary technologies the Company has fostered up to present under the keyword of the "development" of new products, new markets and new uses.

Next, in the "promotion of ESG/SDGs management," SDGs are the goals of realizing a social contribution with the technological capabilities that the Company has refined in its "fluid leak sealing technology," and we will actively work on this as a major opportunity that has its roots in our management philosophy consistent with the Company's growth.

Finally, in our "financial strategy," the Company's policy is to continue to make investments in order to enhance our corporate competitiveness. At the same time, the Company considers that returning profits to its shareholders is one of its major management priorities, and with regard to dividends, we aim for a consolidated dividend payout ratio of 30% or above. We will consider the acquisition of treasury stock with a view to maintaining a balance between investments to achieve sustainable growth and the return of profits to shareholders.

The Company will be able to contribute to the enhancement of the corporate value of the Company and the Group and shareholders' common interests by maintaining and developing good relationships with various stakeholders through the steady implementation of said initiatives, as well as the effective utilization of the corporate resources of the Company.

III. Measures to Prevent Control over Decisions on the Company's Financial and Business Policies by Persons Deemed Inappropriate under the Basic Policy

1. Overview and purpose of the Plan

The Board of Directors of the Company has decided the continuation of the Plan to clarify the rules to be complied with by the party intending a Large-Scale Acquisition of the Company's shares and to ensure necessary and sufficient information and time for an appropriate decision by the shareholders and opportunities to negotiate with the party intending such Large-Scale Acquisition.

The Plan is intended to establish the rules to be complied with by a party intending a Large-Scale Acquisition of the Company's shares, clarify the possibility of losses a party intending a Large-Scale Acquisition may incur due to countermeasures to be taken by the Company in certain cases, and by disclosing those matters appropriately, give a warning to a party intending a Large-Scale Acquisition of the Company's shares who will not contribute to the Company's corporate value and shareholders' common interests.

Under the Plan, the Company will establish the independent committee (hereinafter referred to as the "Independent Committee") pursuant to the Independent Committee Regulations (please see Appendix 1 for the overview thereof), which consists of External Directors of the Company or external experts (i.e., corporate executives with demonstrated track records, former government officials, lawyers, certified public accountants or academic experts or those equivalent thereto) who are independent from the management responsible for the execution of the Company's business, in order to eliminate arbitrary decisions by the Board of Directors of the Company upon the initiation of countermeasures, etc.

The Board of Directors of the Company is supposed to respect the recommendation of the Independent Committee to the maximum extent possible, resolve the opinion thereof and ensure transparency by disclosing relevant information in a timely manner to the shareholders and investors. The four persons listed in Appendix 2 will be appointed as the members of the Independent Committee upon the continuation of the Plan.

In addition, the status of major shareholders of the Company as of March 31, 2020, is presented in Appendix 3 "Status of shareholding by major shareholders of the Company." It should be noted that the Company has not received any proposal or approach with respect to a Large-Scale Acquisition of the Company's shares at this point in time.

2. Details of the Plan

(1) Procedures relevant to the Plan

1) Large-scale acquisition subject to the Plan

The Plan is applied to the acquisition of the Company's shares, or any similar acts thereto falling within the following (i) or (ii) (provided, however, that the acts approved by the Board of Directors shall be excluded; such acts shall be collectively hereinafter referred to as a "Large-Scale Acquisition"). Any party who makes, or attempts to make, a Large-Scale Acquisition (hereinafter referred to as the "Acquirer") shall follow the procedures prescribed in the Plan. Furthermore, any provision of information by an Acquirer shall be made in Japanese language.

(i) Acquisition that would result in the ownership ratio[1] of the holder[2] totaling 20% or more of the shares, etc.[3] of which the Company is the issuer
(ii) Tender offer[4] that would result in the ownership ratio[5] of the party conducting such tender offer, together with that of a specially-related party[6] of such party, totaling 20% or more of the shares[7] of which the Company is the issuer

2) Prior submission of a "Letter of Intent" to the Company

Prior to executing a Large-Scale Acquisition, the Acquirer shall submit to the Board of Directors of the Company a letter including the declaration that the Acquirer will comply with the procedures prescribed in the Plan upon the Large-Scale Acquisition (hereinafter referred to as the "Letter of Intent") in the format prescribed by the Company.

More specifically, the following shall be stated in the "Letter of Intent."

(i) Overview of Acquirer
  (a) Name and address
  (b) Title and name of representative person
  (c) Purpose of company, etc., and details of business
  (d) Overview of major shareholders or large investors (top 10 persons in terms of shareholding or investment ratio)
  (e) Contact details in Japan
  (f) Governing law of incorporation
(ii) Number of the Company's shares currently held by the Acquirer and status of transactions of the Company's shares executed by the Acquirer during the period of 60 days prior to the submission of the Letter of Intent
(iii) Overview of the Large-Scale Acquisition proposed by the Acquirer (including the type and number of the Company's shares the Acquirer intends to acquire through the Large-Scale Acquisition and the purpose of the Large-Scale Acquisition (if there is any purpose such as the acquisition of control or management participation, pure investment or strategic investment, transfer, etc., of the Company's shares to any third party after the completion of the Large-Scale Acquisition, or material proposal[8], the facts and details of such purpose shall be described; if there are multiple purposes, all such purposes shall be listed)).

3) Provision of "Necessary Information"

When the Acquirer submits the "Letter of Intent" as described in 2) above, the Acquirer shall submit to the Company the information necessary and sufficient for the shareholders and investors to judge, and for the Board of Directors of the Company to perform assessment and consideration, etc., on the Large-Scale Acquisition (hereinafter referred to as the "Necessary Information") pursuant to the following procedures.

The Company will send to the address in Japan as stated in 2) (i) (e) above the information list (hereinafter referred to as the "Initial Information List") that describes the information to be initially submitted to the Company within 10 business days[9] after the submission of the "Letter of Intent" (not including the first day). Then, the Acquirer shall submit sufficient information to the Company pursuant to the "Initial Information List."

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[1] It shall mean the "ownership ratio of shares and other securities" as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act; the same shall apply hereinafter. In the event that any laws and regulations referred to in the Plan are amended (including a change of names of laws and regulations and the enactment of new laws and regulations which succeed the former laws and regulations), the provisions of such laws and regulations referred to in the Plan shall be replaced with the provisions of the laws and regulations which effectively succeed the provisions of such laws and regulations after such amendment, unless otherwise determined by the Board of Directors of the Company.

[2] It shall mean the "holder" as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act and shall include the persons included in the holder pursuant to Paragraph 3 of said Article.

[3] It shall mean the "shares and other securities" as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act; the same shall apply hereinafter unless otherwise stated.

[4] As defined in Article 27-2, Paragraph 6 of the Financial Instruments and Exchange Act; the same shall apply hereinafter.

[5] It shall mean the "ownership ratio of shares and other securities" as defined in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act; the same shall apply hereinafter.

[6] It shall mean the "specially-related party" as defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act. However, the person described Item 1 of said Paragraph who is defined in Article 3, Paragraph 2 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Shares and Other Securities by Persons Other than the Issuer shall be excluded; the same shall apply hereinafter.

[7] It shall mean the "shares and other securities" as defined in Article 27-2 Paragraph 1 of the Financial Instruments and Exchange Act; the same shall apply to (ii) below.

[8] It shall mean the "material proposal" as defined in Article 27-26, Paragraph 1 of the Financial Instruments and Exchange Act, Article 14-8-2, Paragraph 1 of the Order for Enforcement of the Financial Instruments and Exchange Act and Article 16 of the Cabinet Office Ordinance on Disclosure of the Status of Large-Volume Holdings in shares and other securities; the same shall apply hereinafter unless otherwise stated.

[9] A business day shall mean a day other than those defined in each item of Article 1, Paragraph 1 of the Act on Holidays of Administrative Organs; the same shall apply hereinafter.

Furthermore, in the event that the Board of Directors of the Company reasonably judges that the information provided by the Acquirer pursuant to the "Initial Information List" is not sufficient for judgment by the shareholders and investors and assessment and consideration, etc., by the Board of Directors of the Company in light of the substance and aspects, etc., of the Large-Scale Acquisition, the Acquirer shall submit additional information to be requested separately by the Board of Directors of the Company.

In addition, the Board of Directors of the Company may establish a deadline for the response from the Acquirer as necessary in order to facilitate appropriate and prompt operation of the Plan. Furthermore, the Board of Directors of the Company shall set the period of 60 days starting from the day following the "Initial Information List" is dispatched as the maximum length of the period in which the Board of the Directors of the Company requests the submission of information to the Acquirer and the Acquirer responds to it (hereinafter referred to as the "Information Submission Period"). Accordingly, if the Information Submission Period reaches its ceiling, the Board of Directors of the Company shall discontinue interaction with the Acquirer regarding information submission at the point in time and undertake the assessment and consideration (as stated in 4) below) based on the information submitted by that time even if the sufficient Necessary Information has not been submitted.

It should be noted that the information with respect to the following items shall constitute a part of the "Initial Information List" in principle irrespective of the substance and aspects, etc., of the Large-Scale Acquisition.

(i) The details of the Acquirer and its group (including joint holders[10], specially-related parties, and in the case of a fund, partners and other constituent members); such information shall include the history, full name, capital structure, business details, financial details, names and curriculum vitae of officers, experience of running a company or business in the industry to which the Company belongs, financial and segment information of any company or business the Acquirer runs in the industry to which the Company belongs, experience of any Large-Scale Acquisition, and management status, etc., of such company or business after such acquisition.

(ii) Purpose (the details of the purpose disclosed in the "Letter of Intent"), method and the details of the Large-Scale Acquisition (including whether management participation is intended, the type and amount of consideration for the Large-Scale Acquisition, timeline of the Large-Scale Acquisition, structure of relevant transactions, number of shares intended to be acquired and expected ownership ratio of the shares after such acquisition, and legitimacy of the method of the Large-Scale Acquisition)

(iii) Basis of calculation of the consideration for the Large-Scale Acquisition (including the assumptions of calculation, method of calculation, numerical data used in calculation, the details of synergies expected to arise from a series of transactions relevant to the Large-Scale Acquisition, name of any third party from which an opinion is obtained upon such calculation, overview of such opinion, and background of deciding the consideration based on such opinion)

(iv) Source of funds for the Large-Scale Acquisition (including the full name of fund providers (including fund providers in effect), method of fund raising and the details of relevant transactions)

(v) Whether there is any communication of intent with a third party upon the Large-Scale Acquisition, and if any, the details of such communication and overview of such third party

(vi) Detailed information on any loan agreement, collateral agreement, sell-back agreement, purchase option agreement or any other material agreement or arrangement (hereinafter referred to as "Collateral Agreement, etc.") with respect to the Company's shares already in the possession of the Acquirer, including the type and counterparty of such agreement and the number of shares subject to such agreement

(vii) Detailed information on any plan to conclude a Collateral Agreement, etc., or any other agreement with a third party with respect to the Company's shares which the Acquirer intends to acquire through the Large-Scale Acquisition, including the type and counterparty of such agreement and the number of shares subject to such agreement

(viii) Corporate management policies, business plan, capital policies and dividend policies of the Company and the Group after the completion of the Large-Scale Acquisition

(ix) Policies on treatment and other relevant matters with respect to employees, labor unions, business partners, customers, regional communities and other stakeholders of the Company after the completion of the Large-Scale Acquisition

(x) Specific measures to avoid a conflict of interest with other shareholders of the Company

The Board of Directors of the Company shall disclose the fact of the Large-Scale Acquisition proposed by the Acquirer promptly and also disclose all or part of any information deemed necessary for the judgment by the shareholders and investors among the information included in the overview of such proposal, the overview of the Necessary Information or any other information at the time deemed appropriate.

[10] It shall mean the "joint holder" as defined in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Act and shall include the person deemed by the Board of Directors of the Company as the joint holder pursuant to Paragraph 6 of said Article; the same shall apply hereinafter.

Furthermore, the Board of Directors of the Company, if it judges the Necessary Information submitted by the Acquirer is sufficient, shall give a notice of such judgment to the Acquirer (hereinafter referred to as the "Notice of Completion of Information Submission") and disclose such fact promptly.

The Information Submission Period shall expire on the day the Board of Directors of the Company dispatches the Notice of Completion of Information Submission or the day the Information Submission Period reaches its ceiling, whichever is earlier.

4) Setup of assessment period of the Board of Directors, etc.

The Board of Directors of the Company shall set up, and promptly disclose, the period of (i) or (ii) below starting from the day following the Information Submission Period expires, depending on the level of difficulty to assess the Large-Scale Acquisition, as the period for the Board of Directors of the Company to assess, consider, negotiate, form its opinion and develop an alternative proposal (hereinafter referred to as the "Assessment Period of the Board of Directors");

(i) A maximum of 60 days in the case of a cash-only tender offer in JPY targeting all of the Company's shares; or

(ii) A maximum of 90 day in the case of other form of Large-Scale Acquisition.

Notwithstanding the above, the Board of Directors of the Company, when it deems necessary, may extend the Assessment Period of the Board of Directors in either case of (i) or (ii) above; if so acting, the Board of Directors of the Company shall give a notice to the Acquirer stating the specified extension period and the reason for the necessity of such extension period and disclose such fact to the shareholders and investors. The extension period shall not exceed a maximum of 30 days.

The Board of Directors of the Company shall fully assess and examine the Necessary Information submitted by the Acquirer while obtaining advice from external experts as necessary during the Assessment Period of the Board of Directors, and duly consider the details of the Large-Scale Acquisition by the Acquirer from the perspective of the protection and enhancement of the Company's corporate value and shareholders' common interests. The Board of Directors of the Company shall carefully form its opinion on the Large-Scale Acquisition through such consideration, which shall be notified to the Acquirer and disclosed in a timely and appropriate manner to the shareholders and investors. The Board of Directors of the Company may also negotiate the conditions and methods of the Large-Scale Acquisition with the Acquirer as necessary, and furthermore, submit an alternative proposal to the shareholders and investors.

5) Recommendation of the Independent Committee on the initiation of countermeasures

Along with the assessment, consideration, negotiation, formation of an opinion and the submission of an alternative proposal performed by the Board of Directors of the Company as described in 4) above, the Independent Committee shall make recommendations to the Board of Directors of the Company on whether to initiate countermeasures in accordance with the following procedures during the Assessment Period of the Board of Directors. In performing its duties, the Independent Committee, at the Company's expense, may obtain advice from third parties independent from the management responsible for the execution of the Company's business (including investment banks, securities firms, financial advisors, certified public accountants, lawyers, consultants and other professionals) in order to ensure that the judgment of the Independent Committee is made for the purpose of contributing to the protection and enhancement of the Company's corporate value and shareholders' common interests. If the Independent Committee makes the recommendation stated in (i) or (ii) below to the Board of Directors of the Company, the Board of Directors of the Company shall promptly disclose the fact of such recommendation, the overview thereof and other matters deemed appropriate by the Board of Directors of the Company.

(i) If the Acquirer does not comply with the procedures prescribed in the Plan

The Independent Committee will recommend the initiation of countermeasures to the Board of Directors of the Company in principle if the Acquirer does not comply with the procedures prescribed in 2) to 4) above.

(ii) If the Acquirer complies with the procedures prescribed in the Plan

The Independent Committee will recommend the non-initiation of countermeasures to the Board of Directors of the Company if the Acquirer complies with the procedures prescribed in the Plan. However, even if the Acquirer complies with the procedures prescribed in the Plan, the initiation of countermeasures may be recommended as an exceptional measure in the event that the act listed in Appendix 4 is intended, such Large-Scale Acquisition is deemed significantly detrimental to the Company's corporate value and shareholders' common interests, and the initiation of countermeasure is judged to be appropriate. In addition, the Independent Committee may recommend the initiation of countermeasures subject to prior confirmation of the shareholders' will.

6) Resolution of the Board of Directors and confirmation of shareholders' will

The Board of Directors of the Company shall respect the recommendation of the Independent Committee described in 5) above to the maximum extent possible, and after receiving such recommendation, promptly resolve whether to initiate countermeasures based on such recommendation from the perspective of the protection and enhancement of the Company's corporate value and shareholders' common interests.

In the event that the Independent Committee recommends the initiation of countermeasures subject to prior confirmation of the shareholders' will, the Board of Directors of the Company shall convene the General Meeting of Shareholders to confirm the shareholders' will (hereinafter referred to as "the General Meeting of Shareholders for Confirmation of Shareholders' Will") as soon as practicably possible to propose the initiation of countermeasures thereto, unless it is extremely difficult to hold such meeting in practice. The General Meeting of Shareholders for Confirmation of Shareholders' Will may be held jointly with the Ordinary General Meeting of Shareholders or the Extraordinary General Meeting of Shareholders. In the event that the Board of Directors of the Company decides to hold the General Meeting of Shareholders for Confirmation of Shareholders' Will, the Assessment Period of the Board of Directors shall expire at the point in time. If the proposal on the initiation of countermeasures is approved at the General Meeting of Shareholders for Confirmation of Shareholders' Will, the Board of Directors of the Company shall resolve the initiation of countermeasures and take necessary procedures in accordance with the decision made at the General Meeting of Shareholders for Confirmation of Shareholders' Will. On the other hand, the Board of Directors of the Company shall resolve the non-initiation of countermeasures if the proposal on the initiation of countermeasures is rejected at the General Meeting of Shareholders for Confirmation of Shareholders' Will.

The Board of Directors of the Company, if it makes the aforementioned resolution, shall promptly disclose the overview of such resolution and other matters deemed appropriate by the Board of Directors of the Company and the Independent Committee, irrespective of whether the resolution is for or against the initiation of countermeasures.

7) Cancellation of countermeasures or revocation of initiation thereof

Even after the Board of Directors of the Company resolved the initiation of, or initiated, the countermeasures in accordance with the procedures described in 6) above, the Board of Directors of the Company shall cancel the countermeasures or revoke the initiation thereof in the event that (i) the Acquirer cancels the Large-Scale Acquisition or (ii) changes have occurred in the facts which are preconditions to decide whether to initiate the countermeasures and led to the situation where it is deemed inappropriate to maintain the initiated countermeasures from the perspective of the protection and enhancement of the Company's corporate value and shareholders' common interests.

The Board of Directors of the Company, if it makes the aforementioned resolution, shall promptly disclose the overview of such resolution and other matters it deems appropriate.

8) Commencement of the Large-Scale Acquisition

The Acquirer shall comply with the procedures prescribed in 1) to 6) above and may not commence the Large-Scale Acquisition until the non-initiation of the countermeasures is resolved by the Board of Directors.

(2) Specific details of countermeasures prescribed in the Plan

The Board of Directors of the Company shall undertake gratis allotment of subscription rights to shares (hereinafter referred to as the "Subscription Rights to Shares") as the countermeasure to be initiated based on the resolution described in (1), 6) above.

The overview of the gratis allotment of the Subscription Rights to Shares is described in Appendix 5 "Overview of gratis allotment of subscription rights to shares."

The Board of Directors of the Company may resolve to cancel the countermeasure or revoke the initiation thereof even after the Board of Directors of the Company resolved the initiation of, or initiated, the countermeasure as described in (1), 7) above. As an example, in the event that the Board of Directors of the Company resolved the gratis allotment of the Subscription Rights to Shares and that the Board of Directors of the Company made the resolution described in (1), 7) above thereafter upon the cancellation of the Large-Scale Acquisition by the Acquirer, the Board of Directors of the Company may cancel the gratis allotment of the Subscription Rights to Shares until the day before the ex-rights date relevant to the record date established for the gratis allotment of the Subscription Rights to Shares, or revoke the initiation of the countermeasure by such method as the Company acquiring the Subscription Rights to Shares free of charge until the day before the commencement date of the exercise period of the Subscription Rights to Shares from the effective date of the gratis allotment of the Subscription Rights to Shares.

(3) Effective period, abolition and changes of the Plan

The Plan shall be effective for three years until the close of the Ordinary General Meeting of Shareholders to be held in June 2023 subject to the approval to be obtained at the General Meeting of Shareholders held on June 25, 2020.

Notwithstanding the above, if the abolition or a change of the Plan is resolved at the General Meeting of Shareholders of the Company, the Plan shall be changed or abolished at that point in time in accordance with such resolution even before the expiration of the aforementioned effective period. Furthermore, if the abolition of the Plan is resolved by the Board of Directors consisting of the Directors elected at the General Meeting of Shareholders of the Company, the Plan shall be abolished at that point in time accordingly.

It should be noted that the Board of Directors of the Company may revise or change the Plan, subject to the approval of the Independent Committee, to the extent deemed reasonably necessary in accordance with changes in the Companies Act, the Financial Instruments and Exchange Act, any other laws or regulations, or financial instruments exchange rules, changes in the interpretation or implementation thereof, or changes in the taxation system or judicial precedents.

In the event that the Plan is abolished or changed, the Company shall promptly disclose the fact of such abolition or change, the details of the change (in the case of a change) and any other matters deemed appropriate by the Board of Directors of the Company.

3. Reasonableness of the Plan

(1) Satisfying all the requirements of the guidelines regarding takeover defense measures

The Plan fully satisfies the three principles (the principle of protecting and enhancing corporate value and shareholders' common interests, the principle of prior disclosure and shareholders' will, and the principle of ensuring the necessity and reasonableness of defensive measures) prescribed in the "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" published on May 27, 2005, jointly by the Ministry of Economy, Trade and Industry and Ministry of Justice, and is also based on the "Takeover Defense Measures in Light of Recent Environmental Changes" published on June 30, 2008, by the Corporate Value Study Group.

(2) Continuing the Plan for the purpose of the protection and enhancement of the Company's corporate value and shareholders' common interests

The Plan is to be continued, as stated in 1. above, for the purpose of protecting and enhancing the Company's corporate value and shareholders' common interests, since the Plan, upon a Large-Scale Acquisition targeting the Company's shares, ensures the information and period of time necessary for the shareholders to judge whether to accept such Large-Scale Acquisition or for the Board of Directors of the Company to submit an alternative proposal, and enables the Board of Directors of the Company to negotiate with the Acquirer for the benefit of shareholders, etc.

(3) Respecting the shareholders' will

The Plan is to be continued subject to the approval of the shareholders at this Ordinary General Meeting of Shareholders, and if the change or abolition of the Plan is resolved at the General Meeting of Shareholders of the Company thereafter, it will be changed or abolished in accordance with such resolution even after the approval of the shareholders is obtained at this Ordinary General Meeting of Shareholders, as stated in 2. (3) above. Therefore, the Plan is designed to sufficiently reflect the Shareholders' will on the continuation, change and abolition thereof.

(4) Emphasizing judgment of highly independent outside parties and ensuring disclosure

Under the Plan, the Company shall establish the Independent Committee as an advisory body to the Board of Directors, and the Independent Committee shall make resolutions and recommendations objectively with respect to the operation of the Plan including the initiation of countermeasures in order to eliminate arbitrary decisions by the Board of Directors of the Company.

The Independent Committee consists of three members or more appointed from External Directors of the Company or external experts (i.e., corporate executives with demonstrated track records, former government officials, lawyers, certified public accountants or academic experts) who are independent from the management responsible for the execution of the Company's business.

Furthermore, the Company is supposed to disclose the overview of decisions made by the Independent Committee to the shareholders and investors as necessary and thereby ensures a framework for the transparent implementation of the Plan to contribute to the Company's corporate value and shareholders' common interests.

(5) Establishing reasonable and objective conditions for the initiation of countermeasures

As stated in 2. (1) above, the Plan is designed not to initiate countermeasures unless certain reasonable and objective conditions for initiation are fully satisfied and thereby ensures a framework to prevent the arbitrary initiation of countermeasures by the Board of Directors of the Company.

(6) Not falling within dead-hand or slow-hand takeover defense measure

As stated in 2. (3) above, the Plan can be abolished at any time by the Board of Directors consisting of the Directors appointed at the General Meeting of Shareholders of the Company. Accordingly, the Plan does not constitute a dead-hand takeover defense measure (under which, the initiation of countermeasures cannot be prevented even after a majority of constituent members of the Board of Directors are replaced).

Furthermore, since the term of office of the Directors of the Company is one year and a staggered term is not adopted, the Plan does not constitute a slow-hand takeover defense measure (under which, it requires a great deal of time to prevent the initiation of countermeasures because all of the members of the Board of Directors cannot be replaced at once).

4. Impact on Shareholders and Investors

(1) Impact on shareholders and investors upon the continuation of the Plan

The issuance of the Subscription Rights to Shares will not occur upon the continuation of the Plan. Upon the continuation of the Plan, accordingly, the Plan has no direct, tangible impact on the legal rights and economic interests that the shareholders hold with respect to the Company's shares.

Since the countermeasures to be taken by the Company against a Large-Scale Acquisition will differ depending on whether the Acquirer complies with the Plan as stated in 2. (1) above, the shareholders and investors are advised to be mindful of actions to be taken by such Acquirers.

(2) Impact on shareholders and investors upon gratis allotment of the Subscription Rights to Shares

If the Board of Directors of the Company decides to initiate countermeasures and undertakes the gratis allotment of Subscription Rights to Shares, the Subscription Rights to Shares will be allotted free of charge to the shareholders registered in the shareholder registry as of the date separately determined at a ratio of up to one Subscription Rights to Shares per share held thereby. Since the gratis allotment of the Subscription Rights to Shares, while resulting in the dilution of the value of each share held by the shareholders, causes no dilution of the value of total shares of the Company due to the aforementioned framework, the Plan is assumed to have no direct, tangible impact on the legal rights and economic interests that the shareholders hold with respect to the Company's shares.

Notwithstanding the above, the initiation of countermeasures may result in some impact on the legal rights or economic interests of the Acquirer.

Even after the Board of Directors of the Company resolves the gratis allotment of the Subscription Rights to Shares, the price of the Company's shares may fluctuate to some extent if the Board of Directors of the Company decides to cancel the countermeasures initiated thereby or revoke the initiation according to the procedure described in 2. (1) 7) above. It should be noted that for example, the shareholders and investors who trade the Company's shares on the assumption that the economic value per share of the Company will be diluted may incur a loss due to share price fluctuation since the economic value of each share of the Company held by the shareholders will not be diluted if the Company revokes the initiation of countermeasures and does not deliver new shares by acquiring the Subscription Rights to Shares free of charge after the shareholders qualified to receive the gratis allotment of the Subscription Rights to Shares are fixed.

It is expected that, if disadvantageous conditions are imposed on the exercise or acquisition of the Subscription Rights to Shares by the Acquirer, the legal rights or economic interests of the Acquirer will be affected upon such exercise or acquisition; provided, however, that the Plan, even in such case, is assumed to have no direct, tangible impact on the legal rights and economic interests that the shareholders (other than the Acquirer) hold with respect to the Company's shares.

(3) Procedures for shareholders upon gratis allotment of the Subscription Rights to Shares

No procedure to subscribe for the Subscription Rights to Shares is required for the shareholders registered in the final shareholder registry on the date of the gratis allotment of the Subscription Rights to Shares, who will become the holders of the subscription rights to shares by necessity on the effective date of the gratis allotment of the subscription rights to shares.

On the other hand, the shareholders may be required to exercise the Subscription Rights to Shares within a specified period of time to acquire new shares (a certain amount of money will be payable at that time).

In addition to the above, the Company will disclose the details of procedures regarding the method of allotment, method of exercise, method of acquisition by the Company and other relevant matters based on the applicable laws and regulations and the financial instruments exchange rules in a timely and appropriate manner after the Board of Directors of the Company resolves the gratis allotment of the Subscription Rights to Shares. Accordingly, the shareholders and investors are advised to check such disclosure to be made by the Company.

End

Overview of Independent Committee Regulations

1. The Independent Committee shall be established as an advisory body to the Board of Director based on the resolution thereof for the purpose of eliminating arbitrary decisions by the Board of Directors with respect to the initiation of countermeasures against a Large-Scale Acquisition, and thereby ensuring the objectivity and reasonableness of the Board of Directors' judgments and actions.

2. The Independent Committee shall consist of three members or more who are appointed based on the resolution of the Board of Directors of the Company from among the persons who fall within any of (1) External Directors, or (2) external experts (i.e., corporate executives with demonstrated track records, former government officials, lawyers, certified public accountants or academic experts or those equivalent thereto) and are independent from the management responsible for the execution of the Company's business. In addition, the Company shall enter into an agreement which includes provisions on the duty of due care of a prudent manager and confidentiality with the Independent Committee members.

3. The term of office of the Independent Committee members shall expire at the date of close of the General Meeting of Shareholders concerning the last business year ending within three (3) years from the date of appointment or at the date otherwise agreed between the Independent Committee members and the Company; provided, however, that this shall not apply where the Board of Directors of the Company otherwise resolves.

4. The Independent Committee shall be convened by the Representative Director of the Company or by each of the Independent Committee members.

5. The chairperson of the Independent Committee shall be appointed by mutual election of the Independent Committee members.

6. The resolutions of the Independent Committee shall be made with the attendance of all Independent Committee members by a majority vote thereby in principle; provided, however, that in the event that any of the Independent Committee members is unable to so act or there is any other special reason, the resolutions of the Independent Committee shall be made with the attendance of a majority of the Independent Committee members by a majority vote thereby.

7. The Independent Committee shall deliberate on and resolve the matters listed in each item below and recommend such resolution to the Board of Directors of the Company with the reasons thereof.
   (1) Whether to initiate countermeasures relevant to the Plan (including whether to confirm the shareholders' will in advance with respect to such initiation)
   (2) The cancellation of countermeasures or revocation of initiation thereof relevant to the Plan
   (3) The abolition or a change of the Plan
   (4) Other matters the Board of Directors of the Company may consult on at its discretion with the Independent Committee relevant to the Plan

   The respective Independent Committee members shall be required to deliberate on and resolve subject matters at the Independent Committee solely from the perspective of whether such matters contribute to the Company's corporate value and shareholders' common interests and may not intend to seek their own personal gain or that of the management of the Company.

8. The Independent Committee may, as necessary, summon the Directors or employees of the Company or any other person deemed necessary to ask opinions or explanations on the matters the Independent Committee requests.

9. The Independent Committee may, in performing its duties, obtain advice from external experts independent from the management responsible for the execution of the Company's business (including investment banks, securities firms, financial advisors, certified public accountants, lawyers, consultants and other professionals) at the Company's expense.

End

Career Summaries of Candidates for Independent Committee Members (Japanese Syllabary Order)

Yoshinori Suzuki
Date of birth: April 27, 1952

April 1975	Joined Tateisi Electronics Co. (current OMRON Corporation)
June 2003	Executive Officer of OMRON Corporation
June 2006	Managing Executive Officer of OMRON Corporation
April 2013	Senior Managing Executive Officer of OMRON Corporation
June 2013	Senior Managing Director and CFO of OMRON Corporation
April 2014	Visiting Professor of Doshisha Business School, Doshisha University (to present)
June 2014	Representative Director, Vice President and CFO of OMRON Corporation
June 2018	Outside Director of SENQCIA CORPORATION (to present)
June 2019	External Director of the Company (to present)

* The Company has notified Mr. Yoshinori Suzuki as an independent auditor to the Tokyo Stock Exchange, Inc. pursuant to the provisions thereof.

Eiichi Mori
Date of birth: February 23, 1957

April 1982	Registered as attorney at law (Osaka Bar Association) (to present)
April 2007	Joined Irokawa Law Office, Partner of Irokawa Law Office (to present)
April 2008	Deputy Chairman of Osaka Bar Association
June 2010	Auditor of the Company
June 2017	External Director (Audit and Supervisory Committee Member) of the Company (to present)

* The Company has notified Mr. Eiichi Mori as an independent auditor to the Tokyo Stock Exchange, Inc. pursuant to the provisions thereof.

Kazumitsu Takaya
Date of birth: December 1, 1958

March 1989	Registered as certified public accountant
August 1992	Registered as certified public tax accountant
March 2004	Opened Takaya CPA Office
December 2004	Representative Partner of Nexus Audit Corporation (to present)
June 2016	External Director (Audit & Supervisory Committee Member) of HIRANO TECSEED Co., Ltd. (to present)
June 2019	External Director (Audit and Supervisory Committee Member) of the Company (to present)

* The Company has notified Mr. Kazumitsu Takaya as an independent auditor to the Tokyo Stock Exchange, Inc. pursuant to the provisions thereof.

Junichi Komamura
Date of birth: May 3, 1950

April 1973	Joined Mitsubishi Corporation
April 1996	President of Miteni, a portfolio company of Mitsubishi Corporation (Italy)
August 2003	Executive Officer of Morishita Jintan Co., Ltd.
June 2004	Director, Managing Executive Officer and Head of Corporate Planning of Morishita Jintan Co., Ltd.
April 2005	Senior Managing Director and Senior Managing Executive Officer of Morishita Jintan Co., Ltd.
November 2005	Representative Director and Managing Executive Officer of Morishita Jintan Co., Ltd.
October 2006	Representative Director and President of Morishita Jintan Co., Ltd.
March 2012	Member of the Board of AnGes, Inc. (to present)
July 2019	External Director of Point Market Co., Ltd. (to present)

* Mr. Junichi Komamura is a candidate for External Director. He will assume office at this Ordinary General Meeting of Shareholders.
The Company will notify Mr. Junichiro Komamura as an independent director to the Tokyo Stock Exchange, Inc. pursuant to the provisions thereof.

There is no special interest between any of the four persons above and the Company.

End

Appendix 3

Status of Shareholding by Major Shareholders of the Company
(as of March 31, 2020)

1. Total number of authorized shares 80,000,000

2. Total number of shares issued 25,042,406

3. Number of shareholders 9,869

4. Major shareholders

Shareholder name	Number of shares held (thousand shares)	Ownership ratio (%)
KBL EPB S.A. 107704 (standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	1,708	6.82
The Master Trust Bank of Japan, Ltd. (trust account)	1,252	5.00
Nippon Pillar Packing Co., Ltd. client stock holding group	1,230	4.91
Rockwave, Limited Company	1,020	4.07
Japan Trustee Services Bank, Ltd. (trust account)	944	3.77
Kiyohisa Iwanami	725	2.89
Meiji Yasuda Life Insurance Company (standing proxy: Trust & Custody Services Bank, Ltd.)	700	2.79
Sumitomo Mitsui Banking Corporation	692	2.76
NORTHERN TRUST CO. (AVFC) RE HCR00 (standing proxy: Custody Operations Department, Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited)	609	2.43
Mizuho Bank, Ltd. (standing proxy: Trust & Custody Services Bank, Ltd.)	592	2.36

(Note)
1. The Company, while holding 895,175 shares of treasury stock, is excluded from the major shareholders above.
2. Number of shares held less than one thousand is rounded down.

End

Type of Acts Deemed Significantly Detrimental to the Company's Corporate Value and Shareholders' Common Interests

1. The Acquirer is judged to be a person who, despite having no interest in participating in the corporate management of the Company, is acquiring, or attempting to acquire, the Company's shares, etc., solely with the aim of bidding up the share price and causing the Company or a related person of the Company to purchase the shares, etc., at a high price (also known as a greenmailer).

2. The Acquirer is judged to be acquiring the Company's shares, etc., for the purpose of temporarily controlling the corporate management of the Company in order to transfer the assets of the Company or its corporate group, including intellectual property, expertise, business secrets, key business partners or customers vital to the business operations of the Company or its corporate group, to the Acquirer or its corporate group, etc.

3. The Acquirer is judged to be acquiring the Company's shares, etc., for the purpose of diverting the assets of the Company or its corporate group as collateral for, or funds for the settlement of, an obligation of the Acquirer or its corporate group, etc., after taking control of the Company's corporate management.

4. The Acquirer is judged to be acquiring the Company's shares, etc., for the purpose of temporarily controlling the corporate management of the Company in order to force the disposal of highly-valuable assets, such as real estate and securities, which are not currently involved in the business of the Company or its corporate group, and to force a temporary large amount of dividends using the income from such disposal or sale of the Company's shares, etc., at a high price, seeking the opportunity of a share price surge to be triggered by such temporary large amount of dividends.

5. It is judged that the method of the acquisition of the Company's shares, etc., proposed by the Acquirer may restrict the shareholders' opportunity and freedom to judge the proposal and force the shareholders to sell the Company's shares, etc., in effect, such as a so-called coercive two-tier purchase (meaning the purchase of the shares including a tender offer, in which the purchase of all the shares, etc., of the Company is not induced in the first stage of the purchase, and the purchasing conditions in the second stage of the purchase are set unfavorably, stated clearly).

End

Overview of Gratis Allotment of Subscription Rights to Shares

1. Total number of Subscription Rights to Shares to be allotted

The total number of Subscription Rights to Shares to be allotted shall be the number separately determined by the Board of Directors of the Company in the resolution on the gratis allotment of the Subscription Rights to Shares (hereinafter referred to as the "Resolution on Allotment"), which shall not exceed the same number as the final number of issued shares on a certain date separately determined by the Board of Directors of the Company in the Resolution on Allotment (hereinafter referred to as the "Allotment Date") (excluding the number of treasury shares held by the Company as of that date).

2. Shareholders to whom the Subscription Rights to Shares are to be allotted

The Subscription Rights to Shares shall be allotted free of charge to the shareholders registered in the final shareholder registry on the Allotment Date at the ratio separately determined by the Board of Directors of the Company in the Resolution on Allotment, which shall not exceed the ratio of one Subscription Rights to Shares per common share held by said shareholders (excluding the treasury shares held by the Company as of that date).

3. Effective date of gratis allotment of the Subscription Rights to Shares

The effective date of the gratis allotment of the Subscription Rights to Shares shall be separately determined by the Board of Directors of the Company in the Resolution on Allotment.

4. Type and number of shares to which the Subscription Rights to Shares are to be allotted

The type of shares to which the Subscription Rights to Shares are to be allotted are the Company's common shares. The number of common shares to be granted per Subscription Right to Shares (hereinafter referred to as the "Number of Granted Shares") shall be separately determined by the Board of Directors of the Company in the Resolution on Allotment, but shall not exceed one common share per Subscription Right to Shares; provided, however, that in the event the Company undertakes a split or merger of the Company's shares or any other similar act thereto, the Company shall make the appropriate adjustments.

5. Details and price of assets to be contributed upon exercise of the Subscription Rights to Shares

The subject of the contribution upon the exercise of the Subscription Rights to Shares shall be money. The per share amount of the assets to be contributed upon the exercise of the Subscription Rights to Shares shall be the amount separately determined by the Board of Directors of the Company in the Resolution on Allotment, but at least one yen per common share of the Company.

6. Restrictions on transfer of the Subscription Rights to Shares

The transfer of the Subscription Rights to Shares shall require the approval of the Board of Directors of the Company.

7. Conditions for exercising the Subscription Rights to Shares

The following persons shall be prohibited from exercising the Subscription Rights to Shares: (1) special large-volume holders[11]; (2) joint holders of special large-volume holders; (3) special large-volume Acquirers[12]; (4) specially-related parties of special large-volume Acquirers; (5) persons who received or succeeded the Subscription Rights to Shares from the person listed in (1) to (4) above without the approval of the Board of Directors of the Company; or (6) related persons[13]of those falling within (1) to (5) above (collectively hereinafter referred to as "ineligible persons"). The details of the conditions for exercising the Subscription Rights to Shares shall be separately determined in the Resolution on Allotment.

8. Acquisition of the Subscription Rights to Shares by the Company

On a date separately determined by the Board of Directors of the Company, the Company may acquire the Subscription Rights to Shares held by the persons other than ineligible persons and deliver to those persons the number of common shares of the Company equivalent to the Number of Granted Shares per Subscription Right to Shares. In the event that the Company acquires Subscription Rights to Shares held by ineligible persons, no money, etc. shall be delivered as consideration for the Subscription Rights to Shares.

The details of the conditions for the acquisition of the Subscription Rights to Shares shall be separately determined in the Resolution on Allotment.

9. Gratis acquisition upon the revocation of the initiation of countermeasures, etc.

In the event that the Board of Directors of the Company decides to revoke the initiation of countermeasures or in other circumstances separately determined by the Board of Directors of the Company in the Resolution on Allotment, the Company may acquire all of the Subscription Rights to Shares free of charge.

10. Exercise period of the Subscription Rights to Shares, etc.

The exercise period of the Subscription Rights to Shares and other necessary matters shall be separately determined by the Board of Directors of the Company in the Resolution on Allotment.

[11] It shall mean the person who is a holder of the shares of which the Company is the issuer and whose ownership ratio of said shares is at least 20%, or the person deemed by the Board of Directors of the Company to fall within the same; provided, however, that this shall not apply to the person whose acquisition or holding of the company's shares is deemed by the Board of Directors of the Company not to be detrimental to the Company's corporate value or shareholders' common interests or any other person separately determined by the Board of Directors of the Company in the resolution on allotment.

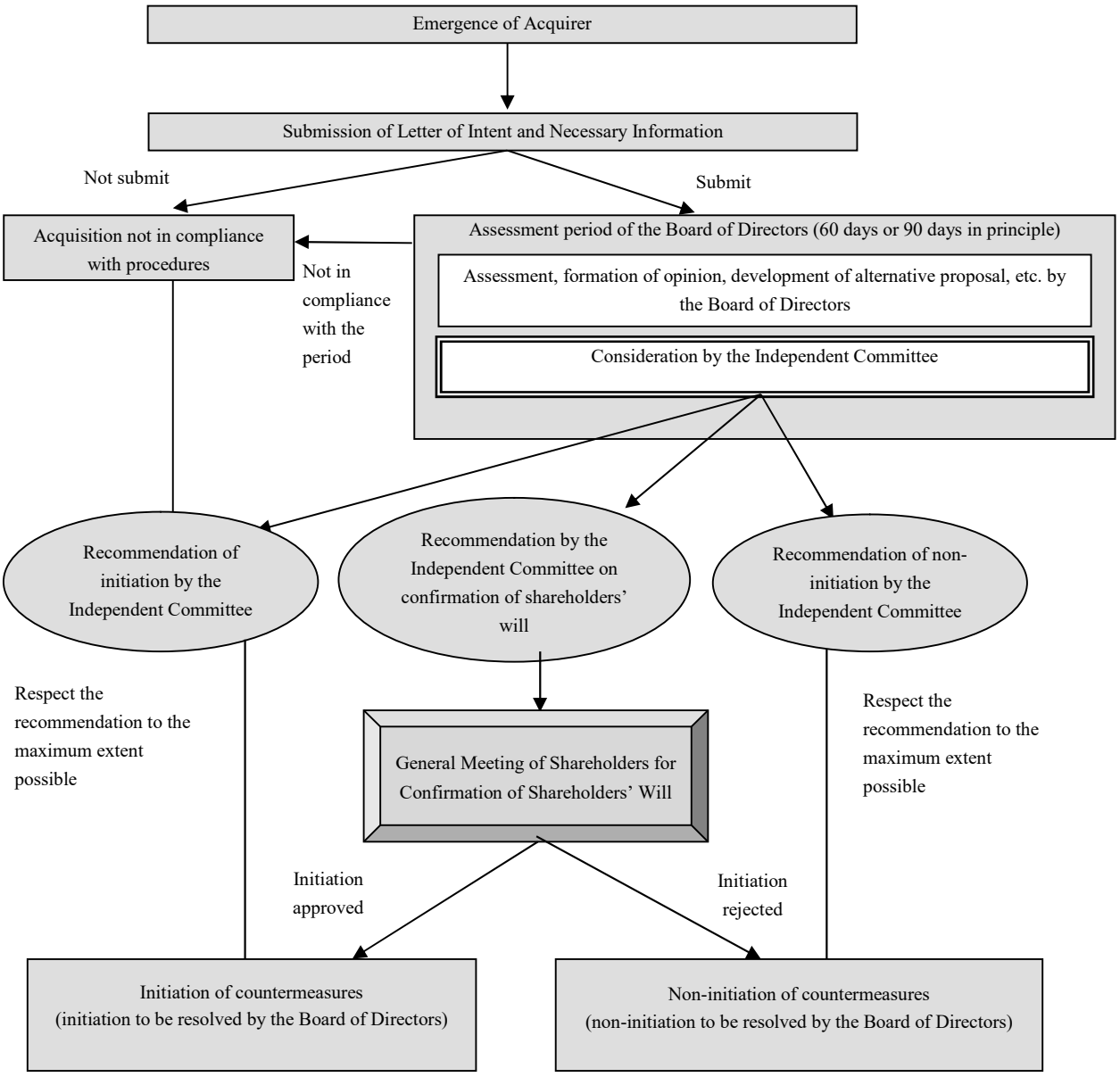
[12] It shall mean the person who has given an official notice of the purchase (meaning the "purchase" as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act; the same shall apply in this note hereinafter) by means of the tender offer of the shares of which the Company is the issuer (meaning the "share certificates, etc." as defined in Article 27-2, Paragraph 1 of the Financial instruments and Exchange Act; the same shall apply in this note hereinafter) and whose holdings (including the acts equivalent thereto as defined in Article 7, Paragraph 1 of the Order for Enforcement of the Financial Instruments and Exchange Act) of the shares after such purchase, together with the shares held by said persons' specially-related persons, result in at least 20% of ownership ratio in total; or the person deemed by the Board of Directors to fall under the same; provided, however, that this shall not apply to the person whose acquisition or holding of the company's shares is deemed by the Board of Directors of the Company not to be detrimental to the Company's corporate value or shareholders' common interests or any other person separately determined by the Board of Directors of the Company in the resolution on allotment.

[13] A "related person" of a certain person shall mean the person who effectively controls, is controlled by, or is under common control with said person (including the person deemed by the Board of Directors of the Company to fall under the same); or the person deemed by the Board of Directors of the Company to act in concert with said person. The word "control" shall mean the situation where a person "controls decisions on the financial and business policies" (as defined in Article 3 (3) of the Ordinance for Enforcement of the Companies Act) of other companies, etc.

End

(Reference material)

Flow Chart regarding Procedures of the Plan



* The above flow chart is intended to illustrate the overview of the Plan for ease of understanding. Please see the main texts for specific details of the Plan.

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