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(Securities Code 6381)
June 3, 2019
ANEST IWATA Corporation

NOTICE OF THE 73RD ANNUAL GENERAL MEETING OF SHAREHOLDERS

1. Date and Time: Tuesday, June 25, 2019 at 10:00 a.m. Japan time

2. Place: Head Office, ANEST IWATA Corporation
3176, Shinyoshida-cho, Kohoku-ku, Yokohama-shi, Kanagawa, Japan

3. Meeting Agenda:

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company's 73rd Fiscal Year (April 1, 2018 - March 31, 2019) and results of audits by the Accounting Auditor and the Audit & Supervisory Committee of the Consolidated Financial Statements
 2. Non-Consolidated Financial Statements for the Company's 73rd Fiscal Year (April 1, 2018 - March 31, 2019)

Proposals to be resolved:

Proposal No. 1: Distribution of Surplus

Proposal No. 2: Election of Five Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

Proposal No. 3: Introduction of Performance-Linked Stock Remuneration Plan for Directors, etc.

Proposal No. 4: Continuation of the Policy against Large-Scale Purchases of the Company's Shares (Takeover Defense Measures)

4. Matters Concerning the Meeting

- (1) Treatment of Voting Rights Exercise Forms Without Indication of Approval or Disapproval of Proposals

If there is no indication of your vote for or against any proposals, we will deem that you have voted for the proposal by the Company and against the proposal by shareholder.

- (2) Exercise of Voting Rights by Proxy (Qualifications of Proxy and the number)

If you wish to exercise your voting rights by a proxy, you may designate a shareholder of the Company who entitled to voting rights of the Company. Please note that a document evidencing authority of the proxy (letter of attorney and Voting Rights Exercise Form) must be submitted.

- (3) Advance Notification of Diverse Exercise of Voting Rights

With regard to notice prescribed in Article 313, Paragraph 2 of the Companies Act (notice relating to diverse exercise of voting rights), please submit a document in writing of the intention to diversely exercise voting rights and the reasons thereof no later than three (3) days prior to the Annual General Meeting of Shareholders.

- (4) Disclosure of the Appendices of the Notice of the Annual General Meeting of Shareholders on the Internet

The following items are posted on the Company's website (<http://www.anest-iwata.co.jp/>). Pursuant to laws and regulations as well as Article 17 of the Articles of Incorporation of the Company, thus, are not included in the Reference Materials for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements. The Business Report audited by the Audit & Supervisory Committee and the Consolidated Financial Statements and the Non-Consolidated Financial Statements audited by the Audit & Supervisory Committee and Accounting Auditor include the following items which are posted on the Company's website, in addition to the items written in the Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements in this notice.

- 1) "Systems for Ensuring Appropriate Business Operations and Its Operational Status" and a portion of the contents related to "5. Basic policy on the control of the Company" in the Business Report.
- 2) Consolidated statement of changes in equity and Notes to the Consolidated Financial Statements
- 3) Non-consolidated statement of changes in equity and Notes to the Non-Consolidated Financial Statements

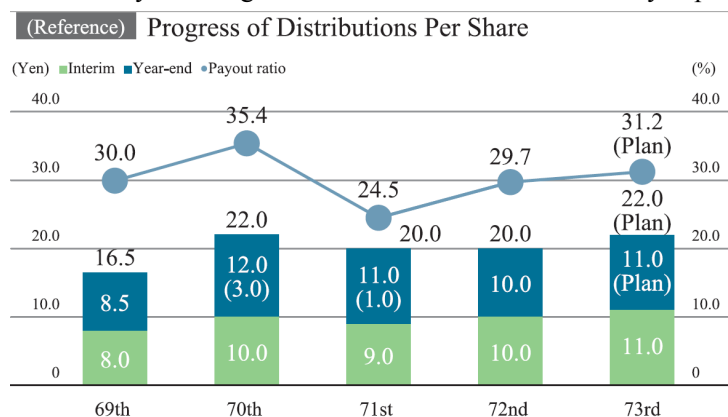
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- ◎ When attending the meeting, please submit the enclosed Voting Rights Exercise Form to the receptionist.
 - ◎ If changes were made to the Reference Document for the Annual General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements, they will be posted on the Company's website (<http://www.anest-iwata.co.jp/>).

Reference Document for the Annual General Meeting of Shareholders
Explanation of Key Points for the Exercise of Voting Rights

Proposal No. 1: Distribution of Surplus

The Group's Approach to the Dividend

The Company's basic policy is to maintain a consolidated dividend payout ratio of 30%, based on the amount of "net profits of current term attributable to owners of parent company" in consolidated financial results, while firmly adhering to an annual dividend of at least 3 yen per share.



(Notes) The year-end dividend for the 70th fiscal year includes a 3 yen dividend commemorating the 90th anniversary of the Company's founding.
 The year-end dividend for the 71st fiscal year includes a 1 yen dividend paid in regard to extraordinary income.

The Points of Proposal No. 2

The Company proposes to elect five (5) Directors (excluding four (4) Directors who are Audit & Supervisory Committee Members), including the new appointment as Director of Mr. Shinichi Fukase, who has abundant experience in the area of business operation.

	Name of the candidates for Directors	Overall Management				Professional				Attribution of the candidates for Directors		
		Business Management	Overseas Business Management	Accounting Audit	Audit & Supervisory Board Member, etc.	Engineering and Manufacturing	Sales and Distribution	Finance	Legal			
Directors	Takahiro Tsubota	●				●	●			Reappointment		
	Hajime Iwata				●	●	●			Reappointment		
	Shinichi Fukase					●	●			New appointment		
	Kazumichi Matsuki	●	●		●				●	Reappointment	External	Independent Officer
	Kozo Yoneda	●						●		Reappointment	External	Independent Officer
Directors, Audit & Supervisory Committee Members	Masato Suzuki					●	●					
	Kyosuke Oshima	●			●		●		●		External	Independent Officer
	Masashige Takayama	●		●				●			External	Independent Officer
	Toshifumi Mori	●	●				●				External	Independent Officer

The Points of Proposal No. 3

The Company proposes to introduce a new Performance-Linked Stock Remuneration Plan for the Company's Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) and Executive Officers who do not concurrently serve as Directors ("Directors, etc."). The purpose of the introduction of a Performance-Linked Stock Remuneration Plan is to clearly link remuneration of Directors, etc. to the Company's results of operations and its share value, and thereby increase the motivation of Directors, etc. to make contributions to increase the Company's mid- to long-term performance and corporate value by sharing with shareholders not only the benefits of rising share prices but also the risks associated with falling share prices.

Directors, etc. << Performance-Linked Stock Remuneration

The Points of Proposal No. 4

Every year, on an ongoing basis, the Company submits the Policy as a proposal, in order to ensure that shareholders and the Company have sufficient time to consider any large-scale purchase of shares by a specific party that may be significantly detrimental to corporate value and the common interests of shareholders.

"Let me have some time to consider it"

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal No. 1: Distribution of Surplus

Matters concerning the year-end dividend

As the Company defines the efforts to provide stable profit return to its shareholders as its important mission, its basic policy is to work on strengthening earnings power and pay a stable dividend.

(1) Type of dividend property
Cash

(2) Matters concerning allotment of dividends to shareholders and the total amount
11.0 yen per common share for a total of 459,127,251 yen
The annual dividend will be a total of 22.0 yen per share including the interim dividend of 11.0 yen per share.

(3) Effective date of distribution of surplus
June 26, 2019

Dividend	(Yen)				
	69th	70th	71st	72nd	73rd
Interim	8	10	9	10	11
Year-end	8.5	12	11	10	11 (Plan)
Total	16.5	22	20	20	22 (Plan)

	(%)				
	69th	70th	71st	72nd	73rd
Payout ratio	30.0	35.4	24.5	29.7	31.2 (Plan)

(Notes) The year-end dividend for the 70th fiscal year includes a 3 yen dividend commemorating the 90th anniversary of the Company's founding.

The year-end dividend for the 71st fiscal year includes a 1 yen dividend paid in regard to extraordinary income.

Proposal No. 2: Election of Five Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

The terms of office of all six Directors (excluding Directors who are Audit & Supervisory Committee Members; the same shall apply hereinafter in this Proposal) will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of five Directors is proposed.

This proposal has been determined following the deliberations of the Nominating/ Compensation Committee, which is chaired by an Outside Director who is an Audit & Supervisory Committee Member, and has also been considered by the Audit & Supervisory Committee. The Committee did not identify any particular issues relating to this proposal.

The candidates for Directors are as follows.

Mr. Hiroshi Koga and Mr. Shinya Tsukamoto will resign as Directors due to expiration of their terms of office at the conclusion of this Annual General Meeting of Shareholders.

No.	Name	Positions and Responsibilities in the Company	Attendance rate at meetings of Board of Directors	Attendance rate at meetings of Audit & Supervisory Committee	Attendance rate at meetings of Nominating/ Compensation Committee	Attendance rate at meetings of Internal Control Committee	Attendance rate at meetings of CSR Committee
1	Takahiro Tsubota	President, Representative Director, Chief Executive Officer and Chief Operating Officer, Business Administration Division Member of Nominating/ Compensation Committee Chairman of Internal Control Committee Member of CSR Committee	100% (14/14)	-	100% (7/7)	100% (5/5)	100% (5/5)
	Reappointment						
2	Hajime Iwata	Director, Executive Vice President, and Chief Operating Officer, Coating Division	93% (13/14)	100% (4/4)	-	100% (2/2)	100% (2/2)
	Reappointment						
3	Shinichi Fukase	Executive Vice President, Chief Operating Officer, Air Energy Division, and Factory Manager, Fukushima Factory	-	-	-	-	-
	New appointment						
4	Kazumichi Matsuki	Independent Director Member of Nominating/ Compensation Committee Member of Internal Control Committee Member of CSR Committee -	100% (11/11)	-	100% (5/5)	100% (3/3)	100% (3/3)
	Reappointment Outside Director Independent						
5	Kozo Yoneda	Independent Director Member of Nominating/ Compensation Committee	100% (14/14)	-	100% (7/7)		
	Reappointment Outside Director Independent						

- (Notes) 1. Mr. Hajime Iwata resigned from Director who is an Audit & Supervisory Committee Member and assumed the post of Director at the 72nd Annual General Shareholders Meeting held on June 22, 2018. His attendance rate at meetings of Audit & Supervisory Committee, Internal Control Committee, and CSR Committee reflects the meetings held during his tenure as Director who is an Audit & Supervisory Committee Member.
2. Mr. Kazumichi Matsuki assumed the post of Director at the 72nd Annual General Shareholders Meeting held on June 22, 2018, and therefore, his attendance rate reflects the meetings held after his appointment.

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	<p>Takahiro Tsubota May 15, 1957 (61 years old)</p> <p>[Reappointment]</p> <p>Attendance at meetings of Board of Directors 100% (14/14)</p> <p>Attendance at meetings of Nominating/ Compensation Committee 100% (7/7)</p> <p>Attendance at meetings of Internal Control Committee 100% (5/5)</p> <p>Attendance at meetings of CSR Committee 100% (5/5)</p>	<p>April 1981 Joined the Company</p> <p>April 2000 General Manager, Coating System Division</p> <p>June 2001 Director</p> <p>April 2003 General Manager, Coating Equipment Division General Manager, Coating System Division</p> <p>April 2004 General Manager, Coating Equipment & System Division</p> <p>April 2008 President and Representative Director Representative Director of ANEST IWATA Korea Corp. (current position)</p> <p>April 2014 President, Representative Director Chief Executive Officer of the Company (current position)</p> <p>June 2018 Chief Operating Officer, Business Administration Division (current position)</p> <p>[Significant concurrent positions] Representative Director of ANEST IWATA Korea Corp.</p>	67,594 shares
	<p>[Reason for nomination as candidate for Director]</p> <p>As President, Representative Director and Chief Executive Officer, Mr. Takahiro Tsubota has led the Company's global strategy and endeavored to expand its businesses, in addition to providing a vision for becoming a 100-year-old company on the occasion of the Company's 90th anniversary, and demonstrating strong leadership in order to achieve sustainable enhancement of its corporate value. We believe that he is an appropriate person to act as a driver for the realization of the medium- to long-term vision of the Company, and thus propose his continued appointment as Director.</p>		
	<p>[Other items of note regarding to the candidates for Director]</p> <p>1. Mr. Takahiro Tsubota concurrently serves as Representative Director of ANEST IWATA Korea Corp. These three companies have business relationships with the Company, including product sales and procurement.</p> <p>2. The number of shares of the Company held by candidate for Director shows the effective number of shares held as of March 31, 2019, including shares held in the officers' shareholding association of the Company.</p>		
	<p>To our shareholders</p> <p>For the previous midterm business plan ended in fiscal 2018, we almost achieved the plan as we recorded sales of 38.8 billion yen versus the goal of 35 billion yen, operating income of 4.34 billion yen (operating income margin of 11.2%) versus the goal of 4.2 billion yen (12.0%), and ROE of 10.0% versus the goal of 12.0% or more. This could not have been achieved without your understanding and support for management. On behalf of the Company, I would like to express our gratitude. We have seen a rise in expenses due to the implementation of active investment and M&A with the aim of becoming a 100-year-old company in the previous plan. With the current midterm business plan starting from April 2019, we will strive to make necessary investments to enhance the satisfaction of all stakeholders including shareholders and customers by accelerating the pace of IT investment, and will make efforts to achieve 47.0 billion yen in sales, operating income margin of 10% or more, and ROE of 10% or more in fiscal 2021. We appreciate your continued support and understanding.</p>		

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
2	<p>Hajime Iwata November 4, 1960 (58 years old)</p> <p>[Reappointment]</p> <p>Attendance at meetings of Board of Directors 93% (13/14)</p> <p>Attendance at meetings of Audit & Supervisory Committee 100% (4/4)</p> <p>Attendance at meetings of Internal Control Committee 100% (2/2)</p> <p>Attendance at meetings of CSR Committee 100% (2/2)</p>	<p>October 1988 Joined the Company</p> <p>April 2000 General Manager, Coating Equipment Division</p> <p>June 2001 Director</p> <p>April 2003 In charge of Domestic Sales Department and General Manager, East Japan Sales Department</p> <p>April 2008 General Manager, Air Compressor Division</p> <p>April 2009 General Manager, Corporate Planning Department</p> <p>June 2011 Auditor</p> <p>June 2016 Director who is an Audit & Supervisory Committee Member</p> <p>June 2018 Director, Executive Vice President</p> <p>Chief Operating Officer, Coating Division (current position)</p> <p>[Significant concurrent positions]</p> <p>President of ANEST IWATA (DONGGUAN) Corporation</p> <p>[Reason for nomination as candidate for Director]</p> <p>Mr. Hajime Iwata has been well versed in various business areas including sales, business divisions, Auditor, and Audit & Supervisory Committee Member since he joined the Company as a development engineer and has wide-ranging knowledge and abundant experience, including participating not only in business management, but also in the enhancement of governance systems. We therefore believe that he is an appropriate person to realize the sustainable enhancement of corporate value, and thus propose his continued appointment as Director.</p> <p>[Other items of note regarding to the candidates for Director]</p> <p>1. No special interest exists between the Company and Mr. Hajime Iwata.</p> <p>2. Mr. Hajime Iwata resigned from Director who is an Audit & Supervisory Committee Member and assumed the post of Director at the 72nd Annual General Shareholders Meeting held on June 22, 2018. His attendance rate at meetings of Audit & Supervisory Committee, Internal Control Committee, and CSR Committee reflects the meetings held during his tenure as Director who is an Audit & Supervisory Committee Member.</p> <p>3. The number of shares of the Company held by candidate for Director shows the effective number of shares held as of March 31, 2019, including shares held in the officers' shareholding association of the Company.</p> <p>To our shareholders</p> <p>We focused on <i>Sangen Syugi</i> (Three Reals Philosophy) consisting of “<i>Genba</i> (actual places),” “<i>Genbutsu</i> (actual objects)” and “<i>Genjitsu</i> (actual facts),” the Company’s DNA and origin of business, and we worked to encourage employees to think and act by themselves, and then think and act by themselves again toward sustainable business growth. We have been making efforts to launch projects as measures for the future, and pursue new technologies and uses.</p> <p>On the other hand, as the Company has many business-related subsidiaries, we will continue to promote the strengthening of corporate governance based on “effectiveness and efficiency of operations,” “reliability of financial reporting” and “compliance with applicable laws and regulations.”</p>	123,739 shares

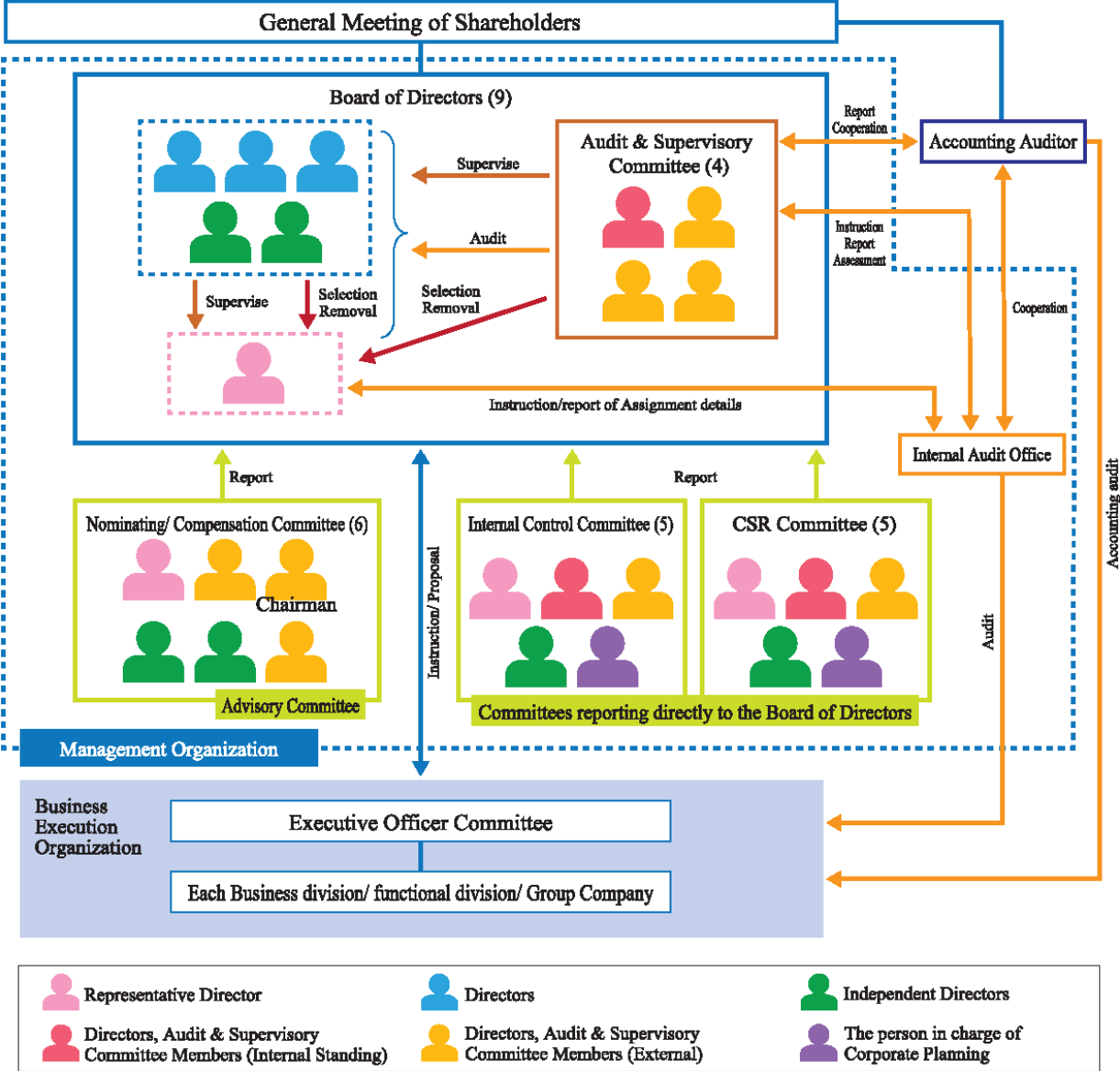
No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	Shinichi Fukase May 13, 1965 (53 years old) [New appointment] Attendance at meetings of Board of Directors - % (- / -)	April 1988 Joined the Company April 2008 President of ANEST IWATA CAMPBELL K.K. April 2010 Executive Officer General Manager, Vacuum Equipment Department of the Company April 2016 Executive Officer Factory Manager, Fukushima Factory, Air Energy Division April 2019 Executive Vice President Chief Operating Officer, Air Energy Division Factory Manager, Fukushima Factory (current position) [Significant concurrent positions] Mr. Shinichi Fukase does not have significant concurrent positions in other companies.	26,287 shares
		[Reason for nomination as candidate for Director] Mr. Shinichi Fukase has served as President of a domestic sales subsidiary, manager in a procurement department, and Factory Manager of Fukushima Factory. He is familiar with core technologies as an engineer, and has a high level of expertise and insight in a wide range of areas, from sales/logistics to procurement/production divisions. He has earned the respect of others in terms of viewpoints and human resource development for the growth of business. For these reasons, we believe that he is an appropriate person to realize the sustainable enhancement of corporate value, and thus propose his appointment as Director.	
		[Other items of note regarding to the candidates for Director] 1. No special interest exists between the Company and Mr. Shinichi Fukase. 2. The number of shares of the Company held by candidate for Director shows the effective number of shares held as of March 31, 2019, including shares held in the officers' shareholding association of the Company.	
		To our shareholders I have field experience in creating products as a person responsible for the development of coating equipment in the beginning of my career, and as a person tasked with the procurement division and Factory Manager of Fukushima Factory, where air compressors and vacuum equipment are manufactured, and have been making efforts to improve QCD. I have once again realized that the source of the Company's growth is creating products and evolving these products, and am working to promote this across the entire group. At the same time, I will strive for the realization of a corporate culture which enables us to actively exchange opinions.	

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
4	Kazumichi Matsuki August 17, 1951 (67 years old) [Reappointment] [Outside] [Independent] The term of office as Director 1 year (at the conclusion of this Annual General Meeting of Shareholders)	April 1976 Joined Mitsubishi Corporation June 1979 Gained Legum Magister (LLM) at the Harvard Law School January 2003 General Manager, Legal Dept. of Mitsubishi Corporation April 2007 Senior Vice President May 2007 Chairman of the Association of Corporate Legal Departments April 2009 Senior Vice President, Senior Assistant of Corporate Functional Officer and General Manager of Compliance of Mitsubishi Corporation April 2010 Visiting Professor of the University of Tokyo Graduate Schools for Law and Politics April 2011 Executive Officer of Hokuetsu Kishu Paper Co., Ltd. (currently Hokuetsu Corporation) June 2011 Director of Hokuetsu Kishu Paper Co., Ltd. Member of Special Subcommittee on the Criminal Justice System in the New Era, Legislative Council of the Ministry of Justice June 2013 Managing Director of Hokuetsu Kishu Paper Co., Ltd. June 2016 Director of Dream Incubator Inc. Auditor of SANDEN HOLDINGS CORPORATION (current position) June 2018 Independent Director of the Company (current position) March 2019 Outside Director of the Board of Nissha Co., Ltd. (current position) [Significant concurrent positions] Auditor of SANDEN HOLDINGS CORPORATION Outside Director of the Board of Nissha Co., Ltd.	647 shares
	Attendance at meetings of Board of Directors 100% (11/11)	[Reason for nomination as candidate for Outside Director] Mr. Kazumichi Matsuki has abundant operational experience at various companies in the manufacturing industry and other areas, and possesses particularly deep insight in the areas of law and compliance. As an Outside Director, he has actively made statements to enhance the transparency and fairness of the management of the Company in the Board of Directors, the Advisory Committee, etc., and has appropriately supervised its management. In order for Mr. Kazumichi Matsuki to engage in the supervision of management to realize the sustainable enhancement of corporate value of the Company, we propose his continued appointment as Director.	
	Attendance at meetings of Nominating/ Compensation Committee 100% (5/5)	[Other items of note regarding to the candidates for Director] 1. No special interest exists between the Company and Mr. Kazumichi Matsuki. 2. Mr. Kazumichi Matsuki is a candidate for Outside Director. In addition, the Company has designated Mr. Kazumichi Matsuki as an Independent Officer provided for by the Tokyo Stock Exchange and has registered him at the Exchange.	
	Attendance at meetings of Internal Control Committee 100% (3/3)	3. In accordance with the provisions of the Articles of Incorporation, the Company entered into an agreement with Mr. Kazumichi Matsuki to limit his liability for damages, as stipulated in Article 423, Paragraph 1 of the Companies Act, if he is elected. The limit of liability for damages under the agreement is the amount set forth by laws and regulations. The Company will continue said agreement with Mr. Kazumichi Matsuki if he is elected.	
	Attendance at meetings of CSR Committee 100% (3/3)	4. Mr. Kazumichi Matsuki assumed the post of Director at the 72nd Annual General Shareholders Meeting held on June 22, 2018, and therefore, his attendance rate reflects the meetings held after his appointment. 5. The number of shares of the Company held by candidates for Director shows the effective number of shares held as of March 31, 2019, including shares held in the officers' shareholding association of the Company.	
		To our shareholders All employees of the Company will be united to promote corporate culture reform within the Company and we will continue taking up the challenge of becoming a true global company and a 100-year-old company by assessing risk, taking various measures including investment, and having liquid atomization technology and gas compression technology as core technologies. For the future growth of the Company and enhancement of its corporate value, it is important to ensure that such measures take root on a global basis, earn revenue from such measures, and keep taking on further challenges. As Outside Director, I will make every effort possible.	

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
5	Kozo Yoneda June 18, 1948 (69 years old) [Reappointment] [Outside] [Independent] The term of office as Director 4 years (at the conclusion of this Annual General Meeting of Shareholders) Attendance at meetings of Board of Directors 100% (14/14) Attendance at meetings of Nominating/ Compensation Committee 100% (7/7)	March 1972 Joined the Sumitomo Bank, Limited (currently Sumitomo Mitsui Banking Corporation) May 1977 Completed the Master's program at the Yale University Graduate School, Department of Economics April 2001 Executive Officer General Manager, Corporate Banking Dept. II of Sumitomo Mitsui Banking Corporation June 2002 Chairman and CEO of Japan Equity Capital Co., Ltd. April 2003 Senior Advisor of Daiwa Securities SMBC Principal Investments Co. Ltd. June 2005 President of Hirata Corporation April 2012 President and Representative Director of Kinrei Corporation (currently KR FOOD SERVICE CORPORATION) June 2015 Independent Director of the Company (current position) Outside Director of Takagi Co., Ltd. (current position) December 2015 Managing Partner of Three Fields LLC. (current position) November 2016 Outside Director of FORLIFE Co., Ltd. (current position) June 2018 Outside Director, HOKUETSU METAL LTD. [Significant concurrent positions] Managing Partner of Three Fields LLC. Outside Director of FORLIFE Co., Ltd. Outside Director, HOKUETSU METAL LTD.	5,980 shares
	[Reason for nomination as candidate for Outside Director] Mr. Kozo Yoneda has participated in corporate management at many companies over many years, and has abundant experience as a manager and a high level of insight. As an Outside Director, he has actively made statements to enhance the transparency and fairness of the management of the Company in the Board of Directors, the Advisory Committee, etc., and has also appropriately supervised its management. In order for Mr. Kozo Yoneda to engage in the supervision of management to realize the sustainable enhancement of corporate value of the Company, we propose his continued appointment as Director.		
	[Other items of note regarding to the candidates for Director] 1. No special interest exists between the Company and Mr. Kozo Yoneda. 2. Mr. Kozo Yoneda is a candidate for Outside Director. In addition, the Company has designated Mr. Kozo Yoneda as an Independent Officer provided for by the Tokyo Stock Exchange and has registered him at the Exchange. 3. In accordance with the provisions of the Articles of Incorporation, the Company has entered into an agreement with Mr. Kozo Yoneda to limit his liability for damages, as stipulated in Article 423, Paragraph 1 of the Companies Act. The limit of liability for damages under the agreement is the amount set forth by laws and regulations. The Company will continue said agreement with Mr. Kozo Yoneda if he is elected. 4. The number of shares of the Company held by candidates for Director shows the effective number of shares held as of March 31, 2019, including shares held in the officers' shareholding association of the Company.		
	To our shareholders I believe that corporate purpose is to enhance corporate value over the medium to long term by fulfilling responsibilities toward various stakeholders, and corporate governance is a system to realize this purpose. As an Outside Director, I will sincerely take efforts for further improvement of corporate governance.		

(Reference) Approach to Corporate Governance

Overview of the corporate governance structure (schema)
If Proposal No. 2 is approved



(Reference)

The Company has set forth election criteria and election procedures for Directors, in addition to assessment criteria relating to the independence of Outside Directors as follows.

1. Election Criteria and Election Procedures for Directors

When electing internal Directors, they must be persons with the necessary specialist knowledge and management skills for business execution, and be able to make judgments based on objective thinking and from a broad perspective without bias toward favored areas and certain departments, and a comprehensive evaluation shall also be made of such factors as the person's self-awareness, personal qualities, sense of ethics, proactive approach to identifying issues, and problem solving ability as a leader in the Company, in accordance with the Company's management philosophy, the "ANEST IWATA Corporate Philosophy."

When electing Outside Directors, the balance of knowledge, experience, and ability of the Board of Directors as a whole, and the appropriate perspective of stakeholders in relation to the business activities of the Company shall be considered, as a comprehensive assessment is made that takes into account the diversity, etc. of the person's specialist areas and origins, etc., in addition to his or her independence from the Company.

Proposals for the election of Directors submitted to the General Meeting of Shareholders shall be made by resolution of the Board of Directors, following the deliberations of the Nominating/Compensation Committee, the Chairperson of which shall be an Independent Outside Director (in the case of the election of Directors who are Audit & Supervisory Committee Members, the Audit & Supervisory Committee shall recommend candidates).

2. Independence Criteria for Outside Directors

(1) Independent Directors must not be a person falling under any of the following items:

- a) A person who is or was a business executor (an Executive Director or an employee) of the Company or any of its subsidiaries;
- b) A party whose major business partner is the Company or its subsidiaries (a party who has carried out transactions with the Company for an amount of 2% or more of the annual consolidated total sales for the latest fiscal year or as an average of the last three (3) fiscal years of that party), or a person who is or was a business executor thereof;
- c) A major business partner of the Company or its subsidiaries (a party who has carried out transactions with the Company for an amount of 2% or more of the annual consolidated total sales for the latest fiscal year of the Company or as an average of the past three (3) fiscal years), or a person who is or was a business executor thereof;
- d) A consultant or specialist in accounting or law who has received a large amount of money or other assets (an amount of money or other property exceeding an average of 10 million yen per year for the latest fiscal year or as an average of the last three (3) fiscal years, or an amount of 2% or more of the annual consolidated total sales), excluding remuneration for officers, from an employee of the Company or any of its subsidiaries (in the case of a corporation or other group, a person who belongs or has belonged to the group);
- e) A major shareholder of the Company (a shareholder whose ratio of voting rights is 10% or more) (in the case of a corporation, a person who is or was a business executor of the corporation);
- f) A person who is a close relative (a relative within the second degree of relationship or a relative living together) of the persons listed in any of the a) through e) above;
- g) A person from a company, its parent company or subsidiary where there is a Director who is also an employee of the Company or any of its subsidiaries.

The past tense used in items a) through d) refers to the past as defined in the independence criteria of the Exchange.

(2) Independent Directors shall not be persons for who pose a risk of a conflict of interests, even for reasons other than those prescribed in paragraph 1 above.

(3) Even if a person falls under the categories in paragraph 1 or 2 above, if he or she is considered suitable as an Independent Director of the Company in view of his or her character, insight, and other factors, he or she may become an Independent Director, subject to the Company providing an explanation to external parties concerning the reasons he or she is considered suitable as an Independent Director.

Anest Iwata from the views of Independent Directors

<p>Kazumichi Matsuki</p> <p>A number of our products directly contribute to Sustainable Development Goals (SDGs). We are aiming to achieve further growth by paying attention to SDGs in manufacturing and sales processes, and promote corporate culture reform with the aim of “Decent Work,” one of the SDGs targets, within the Company. Although most of our products do not come to consumers’ attention and not recognized by society, I hope we can make ourselves broadly recognized as an SDGs blue-chip company by society.</p>	<p>Kozo Yoneda</p> <p>“Good product”, “Good customer” and “Good staff” are essential for business growth. The Company has a high share in hand spray guns and small-sized high efficiency oil-free air compressors, customers around the world, and diligent and earnest staff. Management under Mr. Tsubota, President of the Company, possesses a deep understanding that the improvement of corporate governance contributes to medium to long term growth. I believe that a part of Outside Directors’ responsibilities is to enhance appreciation of shareholders for the true value of the Company under these favorable conditions.</p>	
<p>Kyosuke Oshima</p> <p>We reported record sales and operating income for fiscal 2018 and almost achieved the targets of our midterm business plan. From fiscal 2019, the Company will deepen global development, expand business domains, and promote corporate culture reform toward the next stage according to the new midterm business plan. I hope that the Company will further evolve as “strong, healthy and good company” where each and every person involved with the Company can be free and vigorous and have lots of energy for growth.</p>	<p>Masashige Takayama</p> <p>Aiming to become a “True World-Class Company,” the Company has been actively making six different types of investments, which include human investment, development investment, capital investment, market development investment, corporate culture reform investment, and IT investment. Among these investments, I am paying particular attention to human investment. We are successfully recruiting well-balanced individuals with careers from various generations who can take major roles in the Company. I look forward to the future of the Company.</p>	<p>Toshifumi Mori</p> <p>I realized that the Company has been actively promoting corporate culture reform in recent years and that leads employees to be further proud of the Company. From now on, I expect each employee to think and remark in from their own positions on how we can develop the Company from the bottom up. In overseas countries, I hope that the Company will grow steadily as a “True World-Class Company” by further acquiring or cooperating with blue-chip companies that create synergistic effects, as well as by actively promoting recruitment and fostering of excellent human resources in each location, exchanging personnel to or from Japan, and pursuing localization.</p>

Proposal No. 3: Introduction of Performance-Linked Stock Remuneration Plan for Directors, etc.

1. Reason for proposal

The Company asks for the approval of this proposal for introducing a new performance-linked stock compensation plan “Board Benefit Trust (BBT)” (the “Plan”) for Directors (excluding Directors who are Audit & Supervisory Committee Members and other Outside Directors; unless otherwise specified, the same applies hereinafter in this proposal.) and Executive Officers who do not concurrently serve as Directors of the Company (the “Directors, etc.”).

This Plan aims to raise the motivation for contributing to improving performance and increasing corporate value over the medium- to long-term by further clarifying the link between the compensation of the Directors, etc. and the performance and stock value of the Company as well as by having Directors, etc. share not only the benefit of higher stock prices but also the risk of lower stock prices with the Company’s shareholders.

The Company will further strengthen the business execution functions of the management execution organizations and promote sharing value with shareholders toward the achievement of goals set in the new midterm business plan that began in fiscal 2019.

This proposal requests the approval for the amount of new stock compensation to be paid to Directors of the Company, separately from the amount of Directors’ compensation (within ¥200 million per year which includes within ¥40 million per year for Outside Directors, excluding employee portion of salaries) that was approved at the 70th Annual General Meeting of Shareholders held on June 28, 2016. The Company requests that details of the Plan be left to the discretion of the Board of Directors within the range specified in 2. below.

Currently, four (4) Directors are eligible under the Plan, and if Proposal No. 2 is approved as proposed, three (3) Directors will be eligible under the Plan.

Reference Documents for the General Meeting of Shareholders

2. Amount of compensation, etc. under the Plan and reference information

(1) Outline of the Plan

The Plan is a performance-linked stock compensation plan whereby shares in the Company are acquired through a trust using money contributed by the Company as funds (hereinafter, the trust established pursuant to the Plan is referred to as the “Trust”), and shares in the Company and cash equivalents of such shares at their market value (collectively, the “Company Shares, etc.”) are delivered through the Trust to Directors, etc. pursuant to the Officer Stock Delivery Regulations established by the Company. The time for Directors, etc. to receive delivery of Company Shares, etc., shall in principle be the date on which the Directors, etc. retire.

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| (i) Eligible persons | Directors (excluding Directors who are Audit & Supervisory Committee Members and other Outside Directors) and Executive Officers who do not concurrently serve as Directors |
| (ii) Initial Target Period | Three fiscal years from the fiscal year ending March 31, 2020 to the fiscal year ending March 31, 2022 |
| (iii) Upper limit of money contributed by the Company as the funds to acquire the Company’s shares for the purpose of delivery of Company Shares, etc. to Directors, etc. during the Initial Target Period mentioned (ii) above. | ¥270 million (of which, ¥130 million for Directors) |
| (iv) Method of acquisition of the Company’s shares | Either through the stock market or by underwriting the disposal of the Company’s treasury shares |
| (v) Upper limit of points to be granted to eligible persons mentioned (i) above. | 95,000 points per fiscal year (of which, 44,000 points for Directors) |
| (vi) Standard for granting points | The number of points to be granted will be determined based on position and will be adjusted according to the level of achievement of goals set in the midterm business plan |
| (vii) Timing of delivery of the Company’s shares to eligible persons mentioned (i) above. | Upon retirement, in principle |

(2) Trust amount (amount of compensation, etc.)

Subject to the approval of this proposal, the Company will introduce the Plan for the three fiscal years from the fiscal year ending March 31, 2020 to the fiscal year ending March 31, 2022 (hereinafter the “Initial Target Period;” the Initial Target Period and each three-fiscal-year period after the Initial Target Period are called the “Target Period”) as well as for each subsequent Target Period, and contribute the following money to the Trust as the funds to acquire the Company’s shares for the purpose of delivery of Company Shares, etc. to Directors, etc.

First, upon establishment of the Trust (scheduled in August 2019), the Company will make contributions of funds to the Trust with an upper limit of ¥270 million (of which, ¥130 million for Directors) as necessary funds for the Initial Target Period.

After the Initial Target Period has elapsed, the Company will make additional contributions to the Trust with an upper limit of ¥270 million (of which, ¥130 million for Directors) for each Target Period in principle, until the termination of the Plan. However, if, at the time of such additional contribution, there remain the Company’s shares (excluding the Company’s shares that correspond to the points granted to Directors, etc., for each Target Period up to the immediately preceding Target Period and that have not yet been delivered to Directors, etc.) and money (hereinafter the “Residual Shares, etc.”) in the trust assets, the sum of the monetary amount of the Residual Shares, etc. (for the Company’s shares, book value thereof at the final day of the immediately preceding Target Period) and amount of additional contributions shall be within ¥270 million (of which, ¥130 million for Directors).

For the Target Period including the Initial Target Period, the Company may contribute funds to the Trust multiple times to the extent that the accumulated amount of contribution in such Target Period does not exceed each above-mentioned upper limit amount.

Further, the Company shall disclose said decision in a timely and an appropriate manner in the case that the Company decides to make additional contribution.

(3) Method of acquisition and number of the Company’s shares to be acquired

The Trust will acquire the Company’s shares, using the funds contributed through (2) above, either through the stock market or by underwriting the disposal of the Company’s treasury shares, and will not issue new shares. Further, during the Initial Target Period, the number of shares to be acquired should be 285,000 shares as the upper limit without delay after the establishment of the Trust.

Details of acquisition of the Company’s shares through the Trust will be disclosed in a timely and an appropriate manner.

(4) Calculation method for the number of the Company Shares, etc. to be delivered to Directors, etc.

For each fiscal year, Directors, etc., are granted points in consideration of matters such as their position and achievements in accordance with the Officer Stock Delivery Regulations, and the number of points granted will be adjusted according to the level of achievement of goals set in the midterm business plan. The total number of points per fiscal year period granted to Directors, etc. should be 95,000 points (of which, 44,000 points for Directors) as the upper limit which has been determined by comprehensive judgment considering the current level of payment of executive remuneration, trends and future prospects for the number of Directors, and therefore, it is deemed as appropriate.

Each point granted to Directors, etc., is equivalent to one share of the Company’s common shares in delivering the Company Shares, etc., as described in (5) below. (However, if, in regard to the Company’s shares, a stock split, an allotment of shares without contribution, or a consolidation of shares is carried out after this proposal is approved, the Company will reasonably adjust the total number of points and the number of points already granted or their conversion ratio, in accordance with matters such as the relevant ratios.)

The points of Directors, etc., that form the basis for delivery of the Company Shares, etc., in (5) below are, in principle, the number of points granted to such Directors, etc., up to their retirement (hereinafter, the points computed in this manner are referred to as “Defined Number of Points”).

(5) Delivery of the Company Shares, etc.

Directors, etc., who meet the beneficiary requirements provided in the Officer Stock Delivery Regulations will receive from the Trust the Company’s shares that correspond to the number of their “Defined Number of Points” granted under (4) above in principle, by carrying out specified beneficiary confirmation procedures after their retirement. However, in case the requirements provided in the Officer Stock Delivery Regulations are met, Directors, etc., will, instead of the Company’s shares, receive the amount of money which is equivalent to the market value of such shares in respect to a certain portion of the points. The Trust may sell the Company’s shares to make such delivery of money.

(6) Exercise of voting rights

In accordance with instructions from the trust administrator, the voting rights in connection with the Company's Shares in the Trust's account will not be exercised without exception. This approach intends to ensure neutrality to the management of the Company of the exercise of voting rights for the Company's shares in the Trust's account.

(7) Dividends

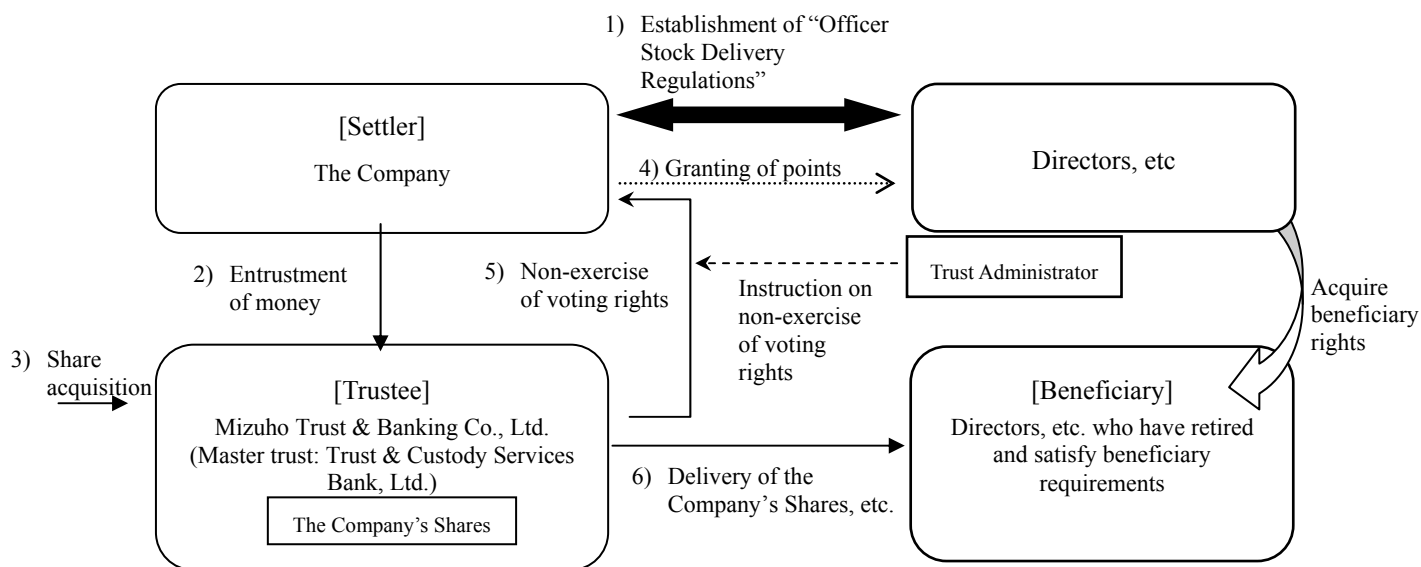
The Trust will receive dividends from the Company's shares held in the Trust's account and allocate them to the payment of the costs for acquiring the Company's shares or to the trust fees for the trustee of the Trust, etc. If the Trust is terminated, residual funds in the Trust, including dividends, will be delivered to incumbent Directors, etc., at that time in proportion to the number of points each of them holds in accordance with the Officer Stock Delivery Regulations.

(8) Termination of trust

The Trust will terminate upon the occurrence of events such as the delisting of the Company's shares or abolition of the Officer Stock Delivery Regulations.

The Company's shares among the Trust's residual assets at the time of termination of the Trust will be acquired by the Company in whole without contribution and be cancelled by resolution of a Board of Directors meeting. Of the residual assets of the Trust at the time of termination of the Trust, money will be delivered to the Company, excluding the amount to be delivered to Directors, etc., in accordance with (7) above.

< Reference: Outline of structure of the Plan >



(1) The Company will establish the Officer Stock Delivery Regulations within the framework approved in this proposal.

(2) The Company will entrust money within the limit approved in this proposal.

(3) The Trust will acquire the Company's shares by using the funds entrusted in accordance with (2) through the stock market or by underwriting the disposal of the Company's treasury shares.

(4) The Company will grant points to the Directors, etc., based on the Officer Stock Delivery Regulations.

(5) In accordance with instructions from a trust administrator independent from the Company, the Trust will not exercise voting rights concerning the Company's shares in the Trust's account.

(6) The Trust will provide the Company's shares to retired Directors, etc., who meet the beneficiary requirements provided in the Officer Stock Delivery Regulations (the "Beneficiaries") corresponding to the number of points granted to the said Beneficiaries. However, Directors, etc., who meet the requirements provided in the Officer Stock Delivery Regulations will receive an amount of money equivalent to the Company's shares at market value in respect to a certain portion of the points.

Mizuho Trust & Banking Co., Ltd., the trustee for the Plan, will entrust management of trust assets (re-entrust) to Trust & Custody Services Bank, Ltd.

(Reference)

Policy for the Determination of Compensation for Directors

The compensation of Directors of the Company consists of fixed monthly salary and annual performance-based compensation (Directors' bonuses), the amount of which is determined based on the amount of consolidated ordinary income, within the limit approved by the General Meeting of Shareholders.

The amount of compensation of Directors (excluding Directors who are Audit & Supervisory Committee Members) is determined by the Board of Directors by resolution after deliberating on the evaluation results by the Nominating/Compensation Committee, which is chaired by an Outside Director who is an Audit & Supervisory Committee Member, within the limit approved based on the resolution at the General Meeting of Shareholders.

The amount of compensation of Directors who are Audit & Supervisory Committee Members is determined based on mutual consultation among the Directors who are Audit & Supervisory Committee Members within the limit approved based on the resolution at the General Meeting of Shareholders.

Proposal No. 4: Continuation of the Policy against Large-Scale Purchases of the Company's Shares (Takeover Defense Measures)

Based on the resolution of the Board of Directors on May 10, 2018 and approval at the 72nd Annual General Meeting of Shareholders on June 22, 2018, the Company renewed its policy against purchases of the Company's shares, etc. for the purpose of making the ratio of voting rights held by a specific shareholder group 20% or more, or acts of purchasing the Company's shares, etc. which subsequently make the ratio of voting rights held by a specific shareholder group 20% or more (in either case, except for purchases which have been approved by the Board of Directors of the Company in advance; hereinafter the policy referred to as the "Policy"). The effective period of the Policy shall expire at the conclusion of the Annual General Meeting of Shareholders to be held on June 25, 2019 (hereinafter "this Annual General Meeting of Shareholders"). Accordingly, in Proposal No. 4, the Company requests to approve the continuation of the Policy from the conclusion of this Annual General Meeting of Shareholders until the conclusion of the next Annual General Meeting of Shareholders.

Furthermore, the Board of Directors of the Company has brought the continuation of the Policy as Proposal No. 4 at this Annual General Meeting of Shareholders, and thus the continuation of the Policy is subject to the approval of shareholders. In the event that the approval of shareholders regarding the continuation of the Policy is not granted at this Annual General Meeting of Shareholders, the Policy shall be abolished at that time.

There are no changes to the basic content of the Policy upon this continuation.

The content of the Policy is described in "The Policy against Large-Scale Purchases of the Company's Shares (Takeover Defense Measures)."

The Audit & Supervisory Committee has given its approval to this continuation, under the condition that the specific operation of the Plan is properly executed.

As of the date of this notice, the Company has not received any approach or proposal, etc. regarding a large-scale purchase of the Company's shares.

The Policy against Large-Scale Purchases of the Company's Shares (Takeover Defense Measures)

Effective May 15, 2007

Revised May 10, 2019

1. Measures for the Security and Enhancement of the Company's Corporate Value and Common Interests of its Shareholders

Since its founding in 1926, the Company has always "taken the customer's standpoint and delivered products and services with trustworthiness and sincerity," under our corporate motto of "Trustworthy & Sincere (*Makotono Kokoro*)."

The Company has striven for quality improvement and technological innovation, and, with the support of our customers, has grown into a company that aims to be the leading global specialist manufacturer of coating equipment, coating systems, air compressors, and vacuum equipment. This is all thanks to the support of our shareholders.

To become a 100-year company, the Group has set forth the below Group Management Vision as its medium- to long-term management strategy: i) become a development-oriented company full of vigor and novelty that is capable of providing high-performance, high-quality products and services in a sincere manner from the customer's point of view; ii) shift from enhancement-based product development focused on cost cutting and internal core technologies to become a flexible company that collaborates with many different businesses based on an accurate understanding of market needs; and iii) aim to become a "True World-Class Company" where all employees of the Group work as one in order to maximize customer satisfaction and constantly create innovative technologies and products for achieving the world's No. 1 position. In addition to the quality improvement and technological innovation with the aim of realization of our corporate motto, we also believe that expanding the scale of business and contributing to society will enhance the Company's corporate value over the long-term, and contribute to the protection and enhancement of the common interests of its shareholders.

2. Objectives of the Policy and Basic Approach

The Board of Directors of the Company recognizes as a listed company that the Company's shares are freely traded, and that even so-called "hostile takeovers" conducted without the consent of the Board of Directors of the Company should not be denied unconditionally if such actions benefit the corporate value and common interests of shareholders. We believe that the acceptance or denial of a large-scale purchase proposed by a specific party should ultimately be decided by shareholders who hold the Company's shares.

However, among large-scale purchases of shares, there are many that violate the protection and enhancement of the corporate value of the target company and the common interests of its shareholders. Examples of such large-scale purchase of shares include those whose purpose of the purchase deemed significantly detrimental to the corporate value of the target company and the common interests of its shareholders, those that force shareholders to sell their shares in effect, those that do not provide sufficient time or information for the board of directors or the shareholders of the target company to deliberate their purpose of the purchase or for the board of directors to prepare an alternate proposal, those that require the target company to negotiate with the purchaser in order for the target company to attain more favorable terms than the conditions presented by the purchaser. Therefore, the Board of Directors of the Company introduced rules regarding large-scale purchases (hereinafter referred to as the “Large-Scale Purchase Rules”) in order to protect the corporate value of the Company and the common interests of its shareholders, and provides its shareholders time to make an appropriate judgment regarding whether to accept the purchase.

At present, the Company is not aware of any specific large-scale purchase of the Company’s shares.

3. Large-Scale Purchase Rules

Large-Scale Purchase Rules defines that a large scale purchase of the Company’s shares are implemented only when i) the purchaser provides the Board of Directors of the Company necessary and adequate information in advance and then ii) a sufficient time is provided for the Board of Directors to examine and evaluate the large-scale purchase according to the information provided by the purchaser, or if a General Meeting is held, a sufficient time is provided for its shareholders to determine whether to implement a countermeasure against the purchase.

The overview of the Large-Scale Purchase Rules is described below.

(1) The large-scale purchase that falls under this rule

The Policy is applied when a purchase of the Company’s shares or a similar action falls under the following 1) and 2) (except actions approved by the Board of Directors of the Company) (hereinafter referred to as the “Action of Large-Scale Purchase”). Persons attempting to conduct a large-scale purchase (hereinafter referred to as the “Large-Scale Purchaser”) must follow the procedures set forth in the Policy in advance.

- 1) As for the share certificates, etc. issued by the Company (Note 1), purchases where the holder’s (Note 2) ownership ratio of shares, etc. (Note 3), will be 20% or more.
- 2) As for the share certificates, etc. issued by the Company (Note 4), tender offers (Note 5) where the total ownership ratio of share certificates, etc. (Note 6), relating to the tender offer and that of any specially related parties (Note 7) will be 20% or more.

Note 1: Refers to shares certificates, etc., provided for in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act.

Note 2: Refers to a holder provided for in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act, including parties deemed to be holders pursuant to Article 27-23, Paragraph 3 of the Act, and the same shall apply hereinafter.

Note 3: Refers to the ownership ratio of share certificates, etc., provided for in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act, and the same shall apply hereinafter.

Note 4: Refers to share certificates, etc., provided for in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act, and the same shall apply hereinafter in 2).

Note 5: As provided for in Article 27-2, Paragraph 6 of the Financial Instruments and Exchange Act, and the same shall apply hereinafter.

Note 6: Refers to the ownership ratio of share certificates, etc., held provided for in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act, and the same shall apply hereinafter.

Note 7: Refers to specially related parties provided for in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act. However, with regard to persons specified in Item (i) of the same, this excludes persons set forth in Article 3, Paragraph 2 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc., by Person Other than Issuer, and the same shall apply hereinafter.

(2) Provision of Information of the Large-Scale Purchase

The Large-Scale Purchaser who intends to conduct the Action of Large-Scale Purchase should submit ahead of the Action of Large-Scale Purchase to the Board of Directors “a statement of intent” stating pledging compliance with the Large-Scale Purchase Rules. Such statement of intent should clearly include the name of the Large-Scale Purchaser, the address, governing law over incorporation, the names of

representatives, contact details in Japan, and an outline of the proposed Action of Large-Scale Purchase. The Large-Scale Purchaser should submit necessary and adequate information (hereinafter referred to as the “Necessary Information”) in order for our shareholders to make judgments and for the Board of Directors to form an opinion. Within 10 working days of receipt of the statement of intent, the Board of Directors will provide the Large-Scale Purchaser with a list of Necessary Information to be submitted at first by the Large-Scale Purchaser. The Board of Directors requests the submission of additional information from the Large-Scale Purchaser until the Necessary Information is complete when the Board of Directors judged after careful examination that the initially provided information is not sufficient. The specific content to be included in the Necessary Information will differ depending on the characteristics of the Large-Scale Purchaser and the details of the Action of Large-Scale Purchase but in general the content includes followings.

- 1) Summary of the Large-Scale Purchaser and the group (including joint holders, specially related parties, and (in the case of funds) partners and other constituent members) (including information related to the Large-Scale Purchaser’s business, capital structure, experience in business that are similar to the Company’s and our group’s operations, etc.)
- 2) Objectives and details of the Action of Large-Scale Purchase (including the amount and type of consideration for the purchase, etc., timing of the purchase, etc., structure of related transactions, legality of the method of purchase, etc., and feasibility of the purchase, etc., and related transactions)
- 3) Basis for calculating the amount of consideration for acquisition of the Company’s shares and proof of the Company’s share acquisition funds (including the specific names of providers of funds (including substantial providers), method of raising funds, and details of related transactions)
- 4) Candidates for management (including information related to experience in businesses of the same type as those of the Company and our group, etc.), management policies, management philosophy, business plans, financial plans, capital policies, dividend policies, asset utilization policies, etc., expected after participating in the management of the Company and our group
- 5) Whether any changes will be made to the relationship between our stakeholders such as business partners, customers or employees, etc., and the Company and our group after completion of the Action of Large-Scale Purchase and the details thereof
- 6) Other information the Board of Directors or the Independent Committee (please refer to 4. “Establishment of an Independent Committee” below, Appendix 2 “Overview of the Independent Committee,” and (Note 8)) deems reasonably necessary for evaluating the validity and legality, etc., of the Action of Large-Scale Purchase.

Note 8: As a third-party body independent from the Board of Directors, the Independent Committee shall engage in supervision to ensure the Policy is not used for Directors’ own interests, and shall work to prevent purchases that violate the protection and enhancement of corporate value and the common interests of its shareholders. In order to make fair and reasonable judgment, the Independent Committee comprises three or more members appointed from Outside Directors, attorneys-at-law, certified public accountants, academic experts, persons who are well-versed in investment banking, corporate managers with proven track records or other similar persons, who are independent from the management team that engages in the business execution of the Company, and do not have any special interests with the Company or the Board of Directors. Furthermore, the names and career summary of Independent Committee Members as of the continuation of the Policy are as described in Appendix 3 “Names, Career Summary and Positions of Independent Committee Members” below.

From the perspective of the prompt implementation of the Large-Scale Purchase Rules, the Board of Directors may set a deadline for the submission of information by the Large-Scale Purchaser. However, this deadline may be extended if there is a request for extension from the Large-Scale Purchaser based on reasonable cause.

Furthermore, if it is recognized that the fact a proposal for the Action of Large-Scale Purchase and the Necessary Information are submitted to the Board of Directors is necessary for shareholders’ judgment, the Board of Directors discloses this information in full or in part at a time judged appropriate.

(3) The Board of Directors’ Evaluation Period

The Board of Directors believes that a period of 60 days (if purchasing all of the Company’s shares through a tender offer in exchange for cash (yen) only) or 90 days (if some other Action of Large-Scale Purchase) should be granted as a period during which the Board of Directors conduct evaluations, investigations, negotiations, form opinions as the Board of Directors, and formulate alternative plans as the

Board of Directors (hereinafter referred to as the “Board of Directors’ Evaluation Period”), reckoned from the completion of the provision of Necessary Information by the Large-Scale Purchaser to the Board of Directors, in accordance to the level of difficulty of evaluating the Action of Large-Scale Purchase, etc., During the Board of Directors’ Evaluation Period, the Board of Directors shall adequately evaluate and investigate Necessary Information provided while also consulting the Independent Committee and receiving advice from outside experts, etc., as necessary, and shall respect the recommendations of the Independent Committee to the maximum extent and carefully compile and disclose their opinion as the Board of Directors. Furthermore, as necessary, the Board of Directors may negotiate improvement of conditions related to the Action of Large-Scale Purchase with the Large-Scale Purchaser and present alternative proposals to our shareholders as the Board of Directors. Furthermore, if submission of the Necessary Information is completed, the Board of Directors of the Company shall promptly disclose that fact together with the date the Board of Directors’ Evaluation Period will end.

4. Establishment of the Independent Committee

Under the Policy, in order to ensure objectivity, fairness and rationality in examining and evaluating matters such as the range of information that the Large-Scale Purchaser should provide to the Board of Directors, whether or not the Large-Scale Purchaser has complied with the Large-Scale Purchase Rules, whether or not the Action of Large-Scale Purchase violates the protection and enhancement of corporate value and common interests of shareholders, and whether or not to take countermeasures, the Company established an Independent Committee as an organization independent from the Board of Directors. The Board of Directors must consult with this Independent Committee, and the Independent Committee shall issue a recommendation regarding matters about which it has been consulted. In order to increase the rationality and objectivity of its judgments, the Independent Committee may obtain, at the Company’s expense, the advice of third parties independent from the management team of the Company, as necessary (including financial advisers, attorneys-at-law, certified public accountants, consultants and other experts). In addition, the Independent Committee shall request that the Directors of the Company, Directors who are Audit & Supervisory Committee Members, employees, etc. attend the meetings of Independent Committee and provide explanations concerning necessary information, while also deliberating and resolving matters on which it has been consulted by the Board of Directors, and providing a recommendation to the Board of Directors based on the content of those resolutions. These recommendations shall be publicly disclosed.

The Board of Directors shall respect the recommendation of the Independent Committee to the maximum extent, and promptly make a resolution regarding whether to invoke countermeasures.

When making a decision, the Board of Directors shall respect the recommendation of the Independent Committee to the maximum extent possible, and must also follow this procedure of receiving a recommendation from the Independent Committee, and therefore the Company positions this as a method that will function to ensure the objectivity, fairness, and rationality of the judgment of the Board of Directors.

The Company plans to appoint a total of five (5) persons as members of the Independent Committee, Messrs. Kazumichi Matsuki, Kozo Yoneda, Kyosuke Oshima, Masashige Takayama, and Toshifumi Mori. The overview of the rules of the Independent Committee is provided in Appendix 2 “Overview of the Independent Committee Regulations,” and the career summary and positions of each member are given in Appendix 3 “Names, Career Summary and Positions of Independent Committee Members.”

5. The Policy If Action of Large-Scale Purchase Take Place

(1) In the Event the Large-Scale Purchaser Does Not Comply with Large-Scale Purchase Rules

In the event the Large-Scale Purchaser does not comply with Large-Scale Purchase Rules, regardless of its purchase method, the Board of Directors may oppose such Action of Large-Scale Purchase by taking countermeasures approved by the Companies Act of Japan and other laws such as the issuing of stock acquisition rights, with the aim of protection and enhancement of the Company’s corporate value and common interests of its shareholders. The Board of Directors shall determine whether the Large-Scale Purchaser has complied with the Large-Scale Purchase Rules, and whether or not to invoke countermeasures, while receiving advice from outside experts, etc. and respecting the recommendations of the Independent Committee as much as possible.

(2) If the Large-Scale Purchaser Has Complied with Large-Scale Purchase Rules

Countermeasures shall not be taken with regards to such Action of Large-Scale Purchase if the Large-Scale Purchaser has complied with Large-scale Purchasing Rules, and even if the Board of Directors is opposed to the Action of Large-Scale Purchase, it shall only persuade shareholders by expressing its opposing opinion regarding the purchase proposal and presenting an alternate proposal. Whether to accept

the Large-Scale Purchaser's purchase proposal should be decided by our shareholders after considering opinions and alternative proposals, etc., regarding the purchase proposal by the Purchaser and purchase proposals made by the Company.

However, even if the Large-Scale Purchase Rules have been complied with, if evaluations by the Board of Directors conclude that such Action of Large-Scale Purchase significantly damage the Company's corporate value and common interests of shareholders, for example, the Action of Large-Scale Purchase falls under any of the categories 1 to 8 below, and as a result it will damage the Company in a way that will be difficult to recover from, the Board of Directors may as an exception, and within a necessary and appropriate range, take countermeasures in order to protect and enhance corporate value and common interests of shareholders after receiving advice from outside experts, etc. and given maximum respect to the recommendations of the Independent Committee. It will also receive approval at a General Meeting of Shareholders as necessary.

- 1) A purchase of the Company's shares whose objective is deemed to increase the share price and force parties related to the Company to purchase those shares at a high price, despite not truly having any intention to participate in the management of the Company (cases judged to be so-called green-mailing)
- 2) When purchasing the Company's shares for the purpose of temporarily controlling the management of the Company to engage in so-called scorched-earth management, such as forcing the transfer to the Large-Scale Purchaser or its group companies, etc., of intellectual property necessary for the management of the Company's businesses, know-how, confidential corporate information, or main trading partners and customers, etc.
- 3) When deemed purchasing the Company's shares for the purpose of diverting the Company's assets as security or funds for repayment of the buyer's or their group companies' debts after controlling the management of the Company
- 4) When purchasing shares for the purpose of temporarily controlling the management of the Company to sell or otherwise dispose of high value assets such as real estate, securities, etc., not related to the businesses of the Company for now and for the foreseeable future, and using the profits from such disposal to pay a temporarily high dividend, or for the purpose of using the opportunity of the rapid rise in share value resulting from the temporarily high dividend to sell the Company's shares at a high price
- 5) When deemed to be conducting a purchase that may effectively force our shareholders to dispose of the Company's shares such as coercive two-stage acquisition (a purchase method for the Company's shares presented by the Large-Scale Purchaser that sets less favorable purchasing conditions during the second stage than the initial purchase, or in which share purchasing is conducted as a tender offer, etc., without clarifying purchasing conditions of the second stage)
- 6) Cases when it is judged that as a result of the Large-Scale Purchaser acquiring control, the interests of stakeholders such as employees, customers, or business partners, etc., will be harmed, and as a result, the Company's corporate value and common interests of its shareholders will be significantly harmed
- 7) Cases when it is judged that the purchase terms for the Company's shares presented by the Large-Scale Purchaser are highly insufficient or inappropriate in view of the corporate value of the Company (including the amount and type of consideration, the timing of the purchase, etc., the legality of the purchase method, and policies with regard to the treatment of stakeholders such as employees, customers, or business partners, etc., of the Company after the purchase, etc.)
- 8) Cases when it is judged with reasonable basis that the Large-Scale Purchaser is unsuitable as a controlling shareholder of the Company, from the perspective of public order or good morals.

(3) Resolution of the Board of Directors and Holding of the General Meeting of Shareholders

When judging the appropriateness of activating countermeasures as described in items (1) and (2) above, the Board of Directors shall make a resolution regarding whether to invoke countermeasures, etc., as an organization under the Companies Act, while respecting the recommendation of the Independent Committee to the maximum extent, and after sufficiently considering the necessity and appropriateness, etc., of countermeasures.

Regarding the specific method to implement, the Board of Directors shall choose the method that is judged the most appropriate at that time. As an example of a specific countermeasure, an overview of a case when the Board of Directors conducts an allotment of stock acquisition rights without contribution is given in Appendix 1, but in the event that an allotment of stock acquisition rights without contribution is actually conducted, an exercise period or other exercise conditions may be determined in view of its effect as a countermeasure, such as exercise condition of stock acquisition rights where the shareholder does not

belong to a specific shareholder group with a ratio of voting rights above a certain level.

In addition, if the Independent Committee makes a recommendation regarding the activation of countermeasures and requests a holding of a General Meeting of Shareholders regarding a resolution for the invocation, the Board of Directors may establish a period of up to 60 days for shareholders to sufficiently consider whether to approve the invocation of countermeasures under the Policy (hereinafter, the “Shareholder Consideration Period”), and may hold a General Meeting of Shareholders during this Shareholder Consideration Period.

If the Board of Directors resolves to hold a General Meeting of Shareholders and determine a record date, the Board of Directors’ Evaluation Period shall end on that day, and the procedure shall immediately move to the Shareholder Consideration Period.

When holding such a General Meeting of Shareholders, the Board of Directors shall disclose shareholders the Necessary Information provided by the Large-Scale Purchaser, the opinion of the Board of Directors regarding the Necessary Information, alternative proposal by the Board of Directors, and documents describing any other matters judged appropriate by the Board of Directors, together with the Notice of the General Meeting of Shareholders, and shall make timely, appropriate disclosure thereof.

If a resolution is made at a General Meeting of Shareholders regarding whether to invoke countermeasures, the Board of Directors shall comply with that resolution. If the General Meeting of Shareholders resolves to reject the activation of countermeasures, the Board of Directors shall not invoke countermeasures.

In addition, the Shareholder Consideration Period shall end at the conclusion of the General Meeting of Shareholders, and the Company shall make timely, appropriate disclosure of the results of the General Meeting of Shareholders after the resolution.

(4) Waiting Period for Action of Large-Scale Purchase

If there is no Shareholder Consideration Period, the period from when the letter of intent described in the above 3. (2) “Provision of Information of the Large-Scale Purchase” is submitted to the Board of Directors until the end of the Board of Directors’ Evaluation Period, shall be the Waiting Period for Action of Large-Scale Purchase, or if there is a Shareholder Consideration Period, this shall be the combined period until the end of the Board of Directors’ Evaluation Period and the Shareholder Consideration Period. The Action of Large-Scale Purchase may not be conducted during the Waiting Period for Action of Large-Scale Purchase.

Therefore, the Action of Large-Scale Purchase may only be commenced after the end of the Waiting Period for Action of Large-Scale Purchase.

6. Impact on Shareholders and Investors, etc.

(1) Impact, etc. of Large-Scale Purchase Rules on Shareholders and Investors

Large-Scale Purchase Rules aim to provide our shareholders information necessary for them to make judgments on whether to accept Action of Large-Scale Purchase and the opinion of the Board of Directors currently responsible for managing the Company, and to secure opportunities for our shareholders to be informed of alternative proposals. We believe that as a result, our shareholders will be able to make appropriate judgments regarding whether to accept Action of Large-Scale Purchase based on sufficient information, which will lead to protection and enhancement of the Company’s corporate value and common interests of shareholders. Consequently, the establishment of Large-Scale Purchase Rules is a prerequisite for our shareholders and investors to make appropriate investment decisions, and is thought to contribute to the interests of our shareholders and investors.

As stated in 5. “The Policy If Action of Large-Scale Purchase Take Place” above, our policy against Action of Large-Scale Purchase differ dependent on whether the Large-Scale Purchaser has complied with Large-Scale Purchase Rules, and we ask for our shareholders and investors to pay careful attention to the movements of Large-Scale Purchasers.

(2) Impact, etc. of Invocation of Countermeasures on Shareholders and Investors

The Board of Directors may take countermeasures with the aim of protecting corporate value and common interests of shareholders, but if the Board of Directors has decided to take specific countermeasures, appropriate disclosure should take place in a timely manner in accordance with stock exchange regulations and other laws and regulations. Given the structure of such countermeasures, the Company does not expect situations to arise in which its shareholders suffer from any losses economically or in terms of their legal rights (the shareholders exclude Large-Scale Purchaser who has violated Large-Scale Purchase Rules and Large-Scale Purchaser who conducts Action of Large-Scale Purchase

deemed significantly damaging the Company's corporate value and common interests of shareholders).

Of the conceivable countermeasures, if stock acquisition rights are issued, it may be necessary to pay a certain amount within a specific period to exercise the stock acquisition rights. If the Board of Directors of the Company decides to acquire the stock acquisition rights, the Company will provide new shares to its shareholders as consideration for the stock acquisition rights without monetary payment. Specific details of such procedures shall be announced separately pursuant to laws and regulations when an issuance of stock acquisition rights is decided. However, shareholders whose registration or recording in the shareholder register is incomplete (so-called entry of name change) must complete their registration or recording in the shareholder register by the record date of the stock acquisition rights separately determined and announced by the Board of Directors, in order to acquire the stock acquisition rights (entry of name change procedures is not necessary for shares deposited with the Japan Securities Depository Center).

However, even after the Independent Committee has recommended the invocation of countermeasures to the Board of Directors, if the Large-Scale Purchaser withdraws the purchase after the recommendation, and if fluctuations arise in the actual facts that formed the basis of the recommendations, and if such purchase by the Large-Scale Purchaser is judged not to fall under 1) or 8) in "(2) If the Large-Scale Purchaser Has Complied with Large-Scale Purchase Rules" in "5. The Policy If Action of Large-Scale Purchase Take Place" above, the Independent Committee may recommend the cancellation of the invocation of countermeasures to the Board of Directors, or to withdraw the previous recommendation.

If the Board of Directors cancels the issuance of stock acquisition rights or acquires the stock acquisition rights without consideration, the share value per share is not diluted and shareholders or investors who purchased or sold shares on the assumption that the value of shares would be diluted on or after the ex-rights date of the allotment of stock acquisition rights without contribution may suffer contingent damages due to the fluctuation in share price.

7. Effective Period, etc. of the Large-Scale Purchase Rules

The effective period of the Policy shall be until the conclusion of the Annual General Meeting of Shareholders to be held in June 2020. The Policy shall be brought as a proposal at this Annual General Meeting of Shareholders, and if it is approved by shareholders, it shall be brought as a proposal at the Annual General Meeting of Shareholders of the Company to be held every year in June, from next year onward, and thus the intention of shareholders will be confirmed. However, if the approval of shareholders is not obtained regarding the continuation of the Policy at this Annual General Meeting of Shareholders, then the Policy shall be abolished at that point.

Even during the effective period of the Policy, if a resolution is made to cancel the Policy by the Board of Directors, then the Policy shall be abolished at that point. Furthermore, from the perspective of the protection and enhancement of corporate value and common interests of shareholders, the Company intends to review the Policy as needed based on trends in judicial judgments, the responses of public bodies, and developments and amendments to related laws and regulations, including the Companies Act and the Financial Instruments and Exchange Act, etc. The Board of Directors may amend the Policy regardless if prior to expiration of the effective period, while respecting the recommendations of the Independent Committee to the maximum extent.

The status of major shareholders as of March 31, 2019 is as shown in "2. Overview of the Company, (1) Status of Shares in the [Appendix] Business Report" in this Notice

8. Rationality of the Policy

As shown below, the Policy is highly rational.

1) The Policy fully satisfies the requirements of the guidelines regarding Anti-Takeover Measures

The Policy fully satisfies the three basic principles (principle of protection and enhancement of corporate value and common interests of shareholders, principle of prior disclosure and shareholders' intentions, principle of necessity and suitability) provided in the "Guidelines Regarding Takeover Defense for the Purposes of the Protection and Enhancement of Corporate Value and Shareholders' Common Interests" released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005.

Additionally, it is based on the content of "The Proper Role of Takeover Defense Measures in Light of Recent Changes in Various Environments" published on June 30, 2008 by the Corporate Value Study Group established within the Ministry of Economy, Trade and Industry.

2) The Policy is introduced with the purpose of protecting and enhancing the Company's corporate value and common interests of shareholders

The Policy provides the necessary information, time, or opportunities, etc. to be informed of alternative

proposals by the Board of Directors in cases of Large-Scale Purchases in order for our shareholders to make judgments on whether to accept such Action of Large-Scale Purchase. The Policy is implemented with the purpose of protecting and enhancing the Company's corporate value and common interests of shareholders.

3) The Policy depends on the rational will of shareholders

The Board of Directors has decided to implement the Policy, but as described in 7. "Effective Period, etc. of the Large-Scale Purchase Rules" above, the Policy shall be brought as a proposal at this Annual General Meeting of Shareholders in order to confirm the intention of shareholders regarding the Policy, and in the event that the consent of shareholders is not obtained, the Policy shall be abolished at that time. As a result, the existence and content of the Policy shall depend on the rational decision of the Company's shareholders. In addition, the intention of shareholders regarding the Policy shall be reflected at the Annual General Meeting of Shareholders of the Company to be held every year.

4) Importance of the decision of a party with a high level of independence

Upon the implementation of the Policy, in order to eliminate arbitrary decisions by the Board of Directors when invoking countermeasures, etc., an Independent Committee was established as an advisory body to provide realistic evaluations from an objective perspective for the shareholders of the Company. The Independent Committee consists of more than three members, and in order to make fair, neutral judgments, comprises Outside Directors of the Company and external experts (attorneys-at-law, certified public accountants, academic experts, persons who are well-versed in investment banking, corporate managers with proven track records, or other similar persons), who are independent from the management team that engages in the business execution of the Company, and do not have any special interests with the Company or the management team of the Company.

5) Establishes rational and objective activation conditions

As stated in 5. "The Policy If Action of Large-Scale Purchase Take Place" above, the Policy has been set out so that it cannot be invoked unless predetermined rational and objective conditions for activation are fulfilled. It is therefore considered that a system for ensuring the prevention of any arbitrary activation by the Board of Directors has been ensured.

6) The Policy is not a dead-hand anti-takeover measure

As stated in 7. "Effective Period, etc. of the Large-Scale Purchase Rules" above, the Policy stipulates that it can be discontinued by the Board of Directors comprising Directors elected at a General Meeting of Shareholders of the Company. Therefore, it is possible that the Policy be discontinued by a Board of Directors comprising of Directors nominated by a Large-Scale Purchaser at a General Meeting of Shareholders. Thus, the Policy is not a dead-hand anti-takeover measure (a takeover defense measure that cannot be prevented even by the replacement of a majority of the members of the Board of Directors).

1. Shareholders entitled to be granted stock acquisition rights and conditions for issuing options

Stock acquisition rights shall be allocated without requiring further payment at a ratio of acquisition right per common stock owned in the Company (excluding the Company's common stock held by the Company) to shareholders recorded in the final shareholder registry on the record date prescribed by the Board of Directors.

2. Class and number of shares subject to stock acquisition rights

The class of shares subject to stock acquisition rights shall be the Company's common stock, and the total number of shares subject to stock acquisition rights shall be limited to the total number of authorized shares on the record date prescribed by the Board of Directors less the total number of issued shares of the Company's common stock (excluding the Company's common stock held by the Company). The number of shares subject to one stock acquisition right shall be the number prescribed separately by the Board of Directors; provided, however, that necessary adjustments shall be made if the Company splits shares or consolidates shares.

3. Total number of stock acquisition rights issued

The total number of stock acquisition rights issued shall be prescribed separately by the Board of Directors. The Board of Directors may allocate stock acquisition rights more than once.

4. Amount of property to be invested (amount to be paid) when exercising each stock acquisition right

The amount of property to be invested (the amount to be paid) when exercising each stock acquisition right shall be one yen or more and such amount shall be prescribed by the Board of Directors, and the maximum amount shall be half of the market price of the Company's shares.

5. Restrictions on the transfer of stock acquisition rights

Approval from the Board of Directors is required for the acquisition of stock acquisition rights by transfer of stock acquisition rights.

6. Requirements for exercising stock acquisition rights

(1) Specified Large Volume Holder (Note 9), (2) Joint Holder of the Specified Large Volume Holder, (3) Specified Large-Scale Purchaser (Note 10), (4) Persons in Special Relationship with the Specified Large-Scale Purchaser, or (5) any person who was transferred or inherited stock acquisition rights from any person falling under (1) through (4) above without obtaining approval of the Board of Directors, or (6) Affiliated Person (Note 11) of any person falling under (1) through (5) (hereinafter the person falling under any of the above generally shall be referred to as "Non-Qualified Persons") may not exercise stock acquisition rights. The details of the requirements for exercising stock acquisition rights shall be separately determined by the resolution concerning the allotment of stock acquisition rights without contribution.

7. Exercise period, etc. of stock acquisition rights

Effective date of the allotment of stock acquisition rights, exercise period, terms of acquisition and other requirements shall be set out separately by the Board of Directors. The Company may establish terms of acquisition which stipulate that the Company may acquire stock acquisition rights held by the persons other than those who are not allowed, due to the requirements for exercising stock acquisition rights stated in above 6., to exercise stock acquisition rights, and issue certain number of shares of common stock of the Company for one stock acquisition right, as determined separately by the Board of Directors.

Note 9 Refers to a person who is a holder of share certificates, etc. issued by the Company and the ratio of share certificates, etc. held is 20% or more, or a person considered to be a Specified Large Volume Holder by the Board of Directors. However, a person that the Board of Directors recognizes as a person whose acquisition or holding of share certificates, etc. of the Company is not contrary to the Company's corporate value or the common interests of shareholders, and other given persons that the Board of Directors separately determined by the resolution concerning the allotment of stock acquisition rights without contribution, are not included.

Note 10 Refers to a person who makes a public announcement of purchase, etc. (as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act; the same shall apply

hereinafter in this note), of share certificates, etc. issued by the Company (as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act; the same shall apply hereinafter in this note) through a tender offer and whose ratio of share certificates, etc. held, in respect to such share certificates, etc. owned by such person after such purchase, etc. (including a similar holding rate as prescribed in Article 7, Paragraph 1 of the Order for Enforcement of the Financial Instruments and Exchange Act), is 20% or more when combined with the ratio of share certificates, etc. held by the Persons in Special Relationship, or a person considered to be a Specified Large-Scale Purchaser by the Board of Directors. However, a person that the Board of Directors recognizes as a person whose acquisition or holding of share certificates, etc. of the Company is not contrary to the Company's corporate value or the common interests of shareholders, and other given persons that the Board of Directors separately determined in the resolution relating to the allotment of stock acquisition rights without contribution, are not included.

Note 11 "Affiliated Person" of a given person shall mean a person who controls, is controlled by or is under the common control of such given person (including a person deemed by the Board of Directors to fall under these), or a person deemed by the Board of Directors to act in concert with such given person. "Control" means to "control the decisions of the financial and business policies" (as defined in Article 3, Paragraph 3 of the Regulation for Enforcement of the Companies Act) of other corporations or entities.

1. Establishment of an Independent Committee

In order to ensure the objectivity, rationality, and fairness of the judgments of the Board of Directors regarding the Action of Large-Scale Purchase, the Company shall establish an Independent Committee.

2. Composition and Appointment of the Independent Committee

(1) Membership of the Independent Committee (hereinafter referred to as the “Independent Committee Members”) shall consist of at least 3 persons.

(2) Independent Committee Members shall be independent of the management team executing the business of the Company and shall be selected by the Board of Directors from among: Outside Directors, attorneys-at-law, certified public accountants, academic experts, persons who are well-versed in investment banking, corporate managers with proven track records, or other similar persons. The Board of Directors shall appoint the Independent Committee Members by the majority vote of Directors in attendance. When appointing Independent Committee Members, their expertise regarding corporate management, insight regarding corporate value, practical experience, and other factors shall be comprehensively considered in view of their roles as Independent Committee Members.

3. The Term of Independent Committee Members

The term of office of Independent Committee Members shall be, in principle, from the day the Board of Directors appoints that person an Independent Committee Member and approves his or her taking office as an Independent Committee Member, until the conclusion of the first Annual General Meeting of Shareholders held after his or her taking office; reappointment is permitted.

4. Dismissal of Independent Committee Members

If any of the following events occurs, the Board of Directors may dismiss Independent Committee Members by two thirds or more of the votes of Directors in attendance.

(1) The Independent Committee Member cannot execute his or her duties owing to severe physical or mental disability, or other reasons.

(2) Cases when it is recognized that the Independent Committee Member has a relationship with a person who is in Large-Scale Purchaser’s group or who will be in Large-Scale Purchaser’s group, and cannot provide a recommendation from an objective and neutral position.

(3) Cases when the Independent Committee Member has violated laws or regulations, etc.

(4) Cases when the Independent Committee Member no longer meets the criteria described above in item 2. (2).

5. Duty of Care

Independent Committee Members shall faithfully perform their duties, with the due care of a prudent manager.

6. Convening of the Independent Committee

In accordance with these regulations, the Independent Committee shall be convened as necessary.

7. Convocation of Meetings of the Independent Committee

Meetings of the Independent Committee shall be convened by the Representative Director of the Company or each Independent Committee Member.

8. Authority of the Independent Committee

(1) The Independent Committee shall deliberate and make decisions regarding the matters set forth below about which it is consulted by the Board of Directors, and make recommendations of its conclusions to the Board of Directors, together with the reasons thereof. The Board of Directors must respect the recommendation of the Independent Committee to the maximum extent possible.

1) Whether or not the Large-Scale Purchaser has complied with the Large-Scale Purchase Rules.

2) Whether or not the information submitted by Large-Scale Purchaser to the Board of Directors is sufficient for the Board to form opinions.

3) Whether or not the Action of Large-Scale Purchase violates the protection and enhancement of corporate value of the Company and common interests of its shareholders.

- 4) Whether or not to implement countermeasures.
 - 5) Whether or not the countermeasures to be implemented by the Board of Directors are an appropriate method.
 - 6) Any other matters related to the above.
- (2) The Independent Committee may, at the Company's expense, seek specialist advice from independent third parties (including financial advisers, attorneys-at-law, certified public accountants, consultants and other experts) as necessary for its consideration and deliberations.
 - (3) The Independent Committee may request the submission of necessary materials related to the Company for its consideration and deliberations from Directors, employees, or Directors who are Audit & Supervisory Committee Members of the Company.
9. Recommendations of the Independent Committee
- The contents of recommendations shall be made in principle with the attendance of all members of the Independent Committee and the approval of a majority of the attendance.

Names, Career Summary and Positions of Independent Committee Members

[Appendix 3]

Kazumichi Matsuki	Born in August 1951
April 1976	Joined Mitsubishi Corporation
June 1979	Gained Legum Magister (LLM) at the Harvard Law School
January 2003	General Manager, Legal Dept. of Mitsubishi Corporation
April 2007	Senior Vice President
May 2007	Chairman of the Association of Corporate Legal Departments
April 2009	Senior Vice President, Senior Assistant of Corporate Functional Officer and General Manager of Compliance of Mitsubishi Corporation
April 2010	Visiting Professor of the University of Tokyo Graduate Schools for Law and Politics
April 2011	Executive Officer of Hokuetsu Kishu Paper Co., Ltd. (currently Hokuetsu Corporation)
June 2011	Director of Hokuetsu Kishu Paper Co., Ltd. Member of Special Subcommittee on the Criminal Justice System in the New Era, Legislative Council of the Ministry of Justice
June 2013	Managing Director of Hokuetsu Kishu Paper Co., Ltd.
June 2016	Director of Dream Incubator Inc. Auditor of SANDEN HOLDINGS CORPORATION (current position)
June 2018	Independent Director of the Company (current position)
March 2019	Outside Director of Nissha Co., Ltd. (current position)
Kozo Yoneda	Born in June 1948
March 1972	Joined the Sumitomo Bank, Limited (currently Sumitomo Mitsui Banking Corporation)
May 1977	Completed the Master's program at the Yale University Graduate School, Department of Economics
April 2001	Executive Officer General Manager, Corporate Banking Dept. II of Sumitomo Mitsui Banking Corporation
June 2002	Chairman and CEO of Japan Equity Capital Co., Ltd.
April 2003	Senior Advisor of Daiwa Securities SMBC Principal Investments Co. Ltd.
June 2005	President of Hirata Corporation
April 2012	President and Representative Director of Kinrei Corporation (currently KR FOOD SERVICE CORPORATION)
June 2015	Independent Director of the Company (current position) Outside Director of Takagi Co., Ltd. (current position)
December 2015	Managing Partner of Three Fields LLC. (current position)
November 2016	Outside Director of FORLIFE Co., Ltd. (current position)
June 2018	Outside Director of HOKUETSU METAL LTD. (current position)
Kyosuke Oshima	Born in January 1954
August 1982	Joined SUNX Limited (currently Panasonic Industrial Devices SUNX Co., Ltd.)
June 2000	Director, General Manager of Sensor Business Division of SUNX Limited
June 2007	Managing Director, Corporate Planning, Human Affairs, Legal, Internal Control of SUNX Limited
June 2011	Full-time Auditor of SUNX Limited
June 2015	Independent Director of the Company
June 2016	Independent Director (Audit & Supervisory Committee Member) (current position)

Masashige Takayama		Born in September 1961
September	1987	Joined Eiwa Audit Corporation (currently KPMG AZSA LLC)
February	1990	Joined Kyowa Audit Corporation
August	1990	Registered as a certified public accountant
January	2007	Senior Partner of Kyowa Audit Corporation (current position) Senior Partner of Kyowa Tax Corporation (current position)
June	2012	Independent Auditor of the Company
August	2013	Consultant of Public Interest Commission, Cabinet Office, Government of Japan (current position)
April	2015	Auditor of National Museum of Nature and Science (current position)
June	2016	Independent Director (Audit & Supervisory Committee Member) of the Company (current position)
Toshifumi Mori		Born in January 1946
April	1968	Joined Mitsubishi Corporation
June	1980	Earned MBA degree from Stanford University in the U.S.
August	1993	Vice President of Mitsubishi Corporation (Europe, Africa, and Middle East)
December	1995	Vice President and Group COO of Mitsubishi International Corporation
June	2000	Joined Mitsubishi Paper Mills Limited President & CEO of Mitsubishi Hitec Paper Bielefeld GmbH President & CEO of Mitsubishi Hitec Paper Flensburg GmbH President & CEO of Mitsubishi Paper GmbH President & CEO of Mitsubishi Paper Holding (Europe) GmbH
June	2004	Senior Executive Officer of Mitsubishi Paper Mills Limited
August	2007	Representative and Managing Partner of Heidrick & Struggles (Japan)
June	2011	Advisor of Will-B International Inc.
April	2012	Advisor of COACH A Co., Ltd. (current position)
June	2012	Independent Auditor of the Company
June	2016	Independent Director (Audit & Supervisory Committee Member) (current position)
June	2018	Partner & Director, of Osborn & Mori Partners K.K. (current position)

The five (5) Independent Committee Members listed above satisfy the requirements of Outside Directors prescribed in the Companies Act and the independency required by the Tokyo Stock Exchange. The Company has filed with the Exchange a notification to establish that they are Independent Officers.

(Appendix)

Business Report

(April 1, 2018 - March 31, 2019)

1. Overview of the Company Group

(1) Financial position and results of operations

Item		The 69th fiscal year ended March 31, 2015	The 70th fiscal year ended March 31, 2016	The 71st fiscal year ended March 31, 2017	The 72nd fiscal year ended March 31, 2018	The 73rd fiscal year ended March 31, 2019
Net Sales	(million yen)	27,428	29,524	29,548	32,817	38,807
Operating Income	(million yen)	3,199	3,796	3,733	3,824	4,339
Ordinary Income	(million yen)	3,716	4,138	4,139	4,352	4,701
Profit attributable to owners of parent	(million yen)	2,214	2,593	3,400	2,809	2,947
Net Income per share	(yen)	52.79	62.14	81.48	67.32	70.62
Total Assets	(million yen)	33,766	34,678	38,895	42,277	47,557
Net Assets	(million yen)	24,689	25,518	28,605	32,777	33,502
Net Assets per share	(yen)	561.80	583.76	640.14	694.94	716.40
Ratio of Shareholders' Equity	(%)	69.4	70.3	68.7	61.4	62.9
ROA	(%)	6.85	7.58	9.24	6.52	6.22
ROE	(%)	10.01	10.85	13.31	10.08	10.00

(Note) Retroactive application has been made in accordance with the announcement of corporate accounting standard No. 28, "Partial Amendments to 'Accounting Standard for Tax Effect Accounting,'" etc. For the period ending in March 2018, therefore, figures after the retroactive application are indicated.

(2) Business Progress and Results

During the consolidated fiscal year ended March 31, 2019, the world economy continues its trend of economic expansion mainly in the U.S. where capital investment and consumer spending remained firm due to the effect of tax reduction, etc. However, uncertainties such as the trade dispute between the U.S. and China and the economic slowdown in China, issues surrounding the exit of the U.K. from the EU, and political uncertainty in Europe are increasing. In the Japanese economy, consumer spending and capital investment remained strong resulting from a favorable employment environment and growing needs in labor-saving, while being affected by world trends.

In these circumstances, the Group entered into the final year of a midterm business plan, and we have been engaged in business activities with an aim to become a “True World-Class Company”. As a result, net sales, operating income and ordinary income are the highest in the Company’s history and we achieved double digit ROE for six consecutive years. At the same time, we developed a new midterm business plan and started activities for further growth. In the air compressor field, sales of oil-free scroll compressors and medium size air compressors in Japan have grown steadily due to the increase in the proportion of continuous efforts in proposal-based selling. In overseas countries, sales increased in medical units and accessory equipment in Asia, mainly in China, and in emerging countries such as India and Brazil, and sales of vehicle-mounted air compressor units for public transportation vehicles such as electric buses and railroad vehicles increased in areas other than China, such as the United States and India. Strong performance at Shanghai Screw Compressor Co., Ltd., a company that manufactures and sells screw compressors in China, and ANEST IWATA SPARMAX Co., Ltd., a subsidiary that manufactures and sells airbrush and small size medical air compressors in Taiwan, which were included in the consolidated financial statements of the Company from the current fiscal year, contributed to the growth of the Group. In the vacuum equipment field, sales of oil-free scroll vacuum pumps for the general industrial market has been established through sales channels and promotion activities such as participating in exhibitions and publishing articles in trade magazines in Japan. Meanwhile, overseas sales have experienced difficulty due to a decline in demand from equipment manufacturers and OEM companies in the United States and Europe. In the coating equipment field, we continued collaborations with various automotive paint manufacturers and sales increased in Europe where we emphasized activities obtaining certifications for particular paint and various types of promotional activities, and in China, where we aimed to make our brand recognized by offering models suited for the region. Also, we started certain activities such as the selection of targets and development of measures suited for regions in countries where we were not able to conduct sufficient activities in the industrial painting market, including Japan. In the field of liquid application equipment for handling liquids other than paints, included in the coating equipment field, we continued to expand and increased sales of spray guns specifically for liquid related to food used in bakery and confectionery manufacture and liquid supply equipment all over the world. In the coating system field, sales increased due to the delivery of coating systems into overseas markets such as automobile parts manufacturers in North America and China, and timber product manufacturers in India, while no major increase was seen in Japan owing to facilities replacement. In Japan, we completed preparations for activities to be performed in the next fiscal year by establishing a coating solution center which enables us to provide installation effect measurement or proposals for application by market for customers who are considering the installation of painting systems.

As a result, our business performance for the fiscal year under review is as follows: Net sales stood at 38,807 million yen (up 18.3% from the previous consolidated fiscal year), operating income at 4,339 million yen (up 13.5%), ordinary income at 4,701 million yen (up 8.0%), and net income attributable to parent company shareholders at 2,947 million yen (up 4.9%).

(3) Principal Business

Business	Main products
Air Compressors	Compressors, nitrogen gas generator, air cleaning systems, medical equipment
Vacuum Equipment	Dry scroll vacuum pumps, vacuum equipment
Coating Equipment	Spray guns, fluid handling pumps, coating booths, fluid handling equipment
Coating Systems	Coating plant, coating robots, automatic coating equipment

Results of operations by segment were as follows:

Net sales by region

In Japan, we recorded decreases in sales and income with external sales of 17,522 million yen (down 2.0% year on year) and segment income of 3,957 million yen (down 1.7% year on year).

Europe

In Europe, sales increased while income decreased with external sales of 4,482 million yen (up 15.1% year on year) and segment income of 166 million yen (down 22.2% year on year).

Asia

In Asia, we reported increases in sales and income with external sales of 11,854 million yen (up 78.5% year on year) and segment income of 1,162 million yen (up 73.9% year on year).

Other

In North America and other regions, we reported increases in sales and income with external sales of 4,949 million yen (up 12.3% year on year) and segment income of 196 million yen (up 92.6% year on year).

Net sales by product category

Air Compressors: Compressors, nitrogen gas generator

- In Japan, sales of products, mainly high efficiency and energy-saving oil free scroll compressors and medium size air compressor, have grown steadily, due to the increase in the proportion of proposal-based selling, where continued efforts have been made.
- Overseas, sales increased in medical units and accessory equipment in Asia, mainly in China, and in emerging countries such as India and Brazil, and sales of vehicle-mounted air compressor units for public transportation vehicles such as electric buses and railroad vehicles increased in areas other than China, such as the United States and India.
- Overall, net sales increased by 30.3% from the previous year.

Vacuum Equipment: Dry scroll vacuum pumps

- In Japan, sales of oil-free scroll vacuum pumps for general industry grew steadily through using existing sales channels for air compressors and aided by promotional activities such as exhibition participation and article publication in trade magazines.
- Overseas, sales of peripheral equipment for semiconductor production in Asia, mainly in Taiwan, and in Russia have grown steadily. However, difficulty remained due to a decline in demand from equipment manufacturers and OEM companies in the United States and Europe.
- Overall, net sales decreased by 0.5% from the previous year.

Coating Equipment: Spray guns, electrostatic coating equipment, paint supply equipment, liquid application equipment, coating booths

- In Japan, progress was made in building sales systems to shift focus from the automotive refinishing market, which was previously the main area of activities, to the industrial painting market, where there is potential for sales expansion.
- Overseas, sales grew steadily in Europe where collaborations continued with various automotive paint manufacturers alongside promotional activities with an emphasis on activity for obtaining certifications for particular paints, and in Asia including China where efforts were made to improve brand recognition by offering models suited for the region.
- Overall, net sales increased by 8.6% from the previous year.

Coating Systems: Automatic coating equipment, coating plant, coating robots, environmental equipment

- In Japan, a major increase was not seen owing to replacement of painting facilities in the fiscal year under review, despite the environment for capital investment being strong over the medium to long term. However, preparations were completed for activities to be performed during the next fiscal year by establishing a coating solution center which enables provision of installation effect measurements and application proposals on a per-market basis for customers considering the installation of painting systems.
- Overseas, sales increased due to the delivery of coating systems into overseas markets including automobile parts manufacturers in North America and China, and timber product manufacturers in India
- Overall, net sales increased by 1.4% from the previous year.

(4) Capital Investments

Total capital investments during the fiscal year under review amounted to 2,080 million yen. They were primarily invested for assets in Japan, including new introduction of production facilities at Fukushima Factory and Akita Factory. The main fixed asset items removed or lost during the fiscal year under review were land and building of Kanto branch that relocated to the head office (330 million yen).

(5) Research and Development Activities

Our group's research and development activities are jointly promoted with affiliated companies and the Company plays a leading role. We set environmental protection as a major purpose of technology development and promoted the development of unique technologies and applications for development of advanced technology, and actively developed new products and improved existing products to match customer needs.

Research and development expenses during the fiscal year under review amounted to 547 million yen. Manufacturing expenses used for other product improvement and modification amounted 606 million yen. Reportable segments are Japan and Asia, and of the total amount of 1,154 million yen, 1,021 million yen was used in Japan.

(6) Financing

To secure funds in a stable and flexible manner, the Company and some of its consolidated subsidiaries have concluded an overdraft facility agreement and a loan commitment agreement with our banks. The balance of unexecuted loans at the end of the fiscal year under review on these agreements is as follows:

Maximum limit of overdraft and loan commitment agreement amount	8,314 million yen
• Balance of executed loans	423 million yen
• Balance of unexecuted loans	7,891 million yen

(7) Issues to be Addressed

Moving forward, although the world economy continues to recover gradually, uncertainties are involved such as geopolitical risks, including the trade dispute between the U.S. and China, economic slowdowns in these countries led by the dispute, issues surrounding the U.K. exit from the EU, and political uncertainty in Europe. Therefore, our group that is increasing the overseas sales ratio will endeavor to engage in corporate activities based on the policy stated below, while avoiding risks due to regional bias.

• Embedding the “ANEST IWATA Corporate Philosophy”

We have newly documented a set of corporate motto, management philosophy, and other sprits that supports the foundation of the management of the Group as the “ANEST IWATA Corporate Philosophy.” All officers and employees will aim to achieve the goal of a “100-year company” by inheriting the tradition that has been cherished over generations since the founding of the Company in 1926.

• Securing and fostering human resources

We will seek human resources to support the Group throughout the world and strive to secure and develop those who can think and act on business matters from a flexible perspective. The Group will also work on the internationalization of corporate culture and the optimization of human resource allocation through the bilateral exchange of human resources with overseas locations, while giving respect to the capability and the aptitude of each employee.

• Improvement of life-work balance

According to the lifestyles of individual employees, who may carry burdens such as child-rearing and nursing care, we promote the development of flexible working systems, allowing “paid leave in units of 1 to 2 hours” and “permitting employees who have resigned for nursing care to return to their jobs under the same conditions as those before resignation”. Under the circumstances in which the decrease in working-age population due to the dwindling birthrate and aging population has become more serious, increasing the need for so-called “work style reform”, we will endeavor to improve life-work balance.

• Diversity & Inclusion

In order to create innovative technology and products, the Company makes efforts to realize management of the organization where employees from different backgrounds can meet their fullest potential and respect ideas from people with diverse values. As part of this initiative, we promote the utilization of a short working hours system to support childbirth and childcare and also encourage all eligible employees to take childcare leave. Furthermore, we will improve working environments to allow diverse people to work for a long time by considering the introduction of telecommuting.

• Guidelines for each business division

In the air compressors/vacuum equipment business, which is a comprehensive air energy business that enables the efficient and stable supply of “energies essential to the society” related to pneumatic, expansion and vacuum, we will promote creation and accumulation of know-how, the fostering of human resources, and the development of necessary services and products relating to the efficient management of energies, aiming for transformation into the “total management business covering pneumatic, expansion, and vacuum energies.”

In the coating equipment/coating systems business, the Group will aim to become a leading coating manufacturer in the global market with optimal coating film-making technologies that will meet the needs of customers worldwide. The Group will offer not only hardware, such as coating equipment, but also software, such as coating and spraying methods and technologies, while further pursuing “high efficiency, work environment improvement, and global environmental preservation.”

• Active utilization of advanced IT technology

The social environment surrounding the Group has been drastically changing due to the rapid development of IT technology. The Group will provide products and services with new added value by utilizing advancing IT technology including improving the efficiency of production lines with database

storage and utilizing its know-how, and advancing the development of products with IoT functionality.

- Corporate governance structure

The Company transitioned from a Company with Board of Auditors to a Company with Audit & Supervisory Committee pursuant to the resolution passed at the 70th Annual General Meeting of Shareholders held on June 28, 2016 for the purpose of securing proper supervisory and audit functions through the exercise of voting rights at the meetings of the Board of Directors. Amid this transition, the Company established the Nominating/Compensation Committee, which consists of Representative Director and all Independent Directors and are chaired by an Independent Director, as an advisory body to the Board of Directors to check any arbitrary decisions by the Representative Director or the Board of Directors and strengthen the governance function. The Company also established the Internal Control Committee and the CSR Committee to complement the functions of the Board of Directors. The Company will continue to make further efforts to strengthen governance, while striving to improve the effectiveness of the Board of Directors.

(8) Parent Company and Material Subsidiaries

- (i) Relationship with the parent company Not applicable.
- (ii) Material subsidiaries

Company name	Stated Capital	The Company's percentage of equity participation	Principal business
ANEST IWATA COMPRESSOR Corporation*	10 million yen	100.0%	Sale and repair of air compressors and vacuum equipment
ANEST IWATA COATING SOLUTIONS Corporation*	10 million yen	100.0%	Sale and repair of coating equipment and manufacture, sale, and repair of coating systems
ANEST IWATA (SHANGHAI) Corporation	USD 200 thousand	100.0%	Sale of coating equipment and coating systems
ANEST IWATA STRATEGIC CENTER s.r.l.	EUR 956 thousand	100.0%	Manufacture and sale of coating equipment and coating systems
ANEST IWATA FEELER Corporation*	USD 7,500 thousand	65.0% (including indirect holding of 30.0%)	Manufacture and sale of air compressors, sale of coating equipment
ANEST IWATA MOTHERSON Pvt. Ltd.*	INR 435 million	51.0%	Manufacture and sale of air compressors
Shanghai Screw Compressor Co., Ltd.	CNY 35,000 thousand	51.0%	Manufacture and sale of air compressors

(Notes)

1. The Company has 37 consolidated subsidiaries listed in “(9) Principal Business Offices and Factories.”
2. The companies marked with (*) are specified subsidiaries.
3. None of our subsidiaries falls under the category of wholly-owned specified subsidiary.

(9) Principal Business Offices and Factories

Domestic locations

Head office	3176, Shinyoshida-cho, Kohoku-ku, Yokohama-shi Kanagawa
Factories	Akita Factory (Daisen-shi, Akita)
	Fukushima Factory (Yabuki-cho Nishishirakawa-gun, Fukushima)
Branches	Three branches (Yokohama-shi, Kanagawa) (Nagoya-shi, Aichi) (Osaka-shi, Osaka)
Consolidated subsidiaries	ANEST IWATA COMPRESSOR Corporation (Yokohama-shi, Kanagawa)
	ANEST IWATA COATING SOLUTIONS Corporation (Yokohama-shi, Kanagawa)
	Air Engineering Corporation (Yokohama-shi, Kanagawa)
Equity method	ADVANCE RIKEN Inc. (Yawata-shi, Kyoto)

Overseas locations

Europe	Consolidated subsidiaries	(Sale) ANEST IWATA Deutschland GmbH (Germany)
		(Manufacture/sale) HARDER & STEENBECK GmbH & Co. KG (Germany)
		(Manufacture/sale) ANEST IWATA EUROPE GmbH (Germany)
		(Manufacture/sale) ANEST IWATA STRATEGIC CENTER s.r.l. (Italy)
		(Sale) ANEST IWATA Italia s.r.l. (Italy)
		(Sale) ANEST IWATA France S.A. (France)
		(Sale) ANEST IWATA (U.K.) Ltd. (U.K.)
		(Sale) Anest Iwata Scandinavia AB. (Sweden)
		(Sale) ANEST IWATA Iberica S.L. (Spain)
		(Sale) ANEST IWATA Polska Sp. Z o.o. (Poland)
Asia	Consolidated subsidiaries	(Sale) ANEST IWATA (SHANGHAI) Corporation (China)
		(Manufacture/sale) ANEST IWATA INDUSTRIAL MACHINERY (JIAXING) Co., Ltd. (China)
		(Manufacture/sale) ANEST IWATA (DONGGUAN) Corporation (China)
		(Manufacture/sale) SHANGHAI ANEST IWATA COATING MACHINERY CORPORATION (China)
		(Manufacture/sale) ANEST IWATA FEELER Corporation (China)
		(Manufacture/sale) Shanghai Screw Compressor Co., Ltd. (China)
		(Manufacture/sale) Shanghai Globe Screw Technology Co., Ltd. (China)
		(Manufacture/sale) ANEST IWATA Taiwan Corporation (Taiwan)
		(Manufacture/sale) ANEST IWATA SPARMAX Co., Ltd. (Taiwan)
		(Manufacture/sale) ANEST IWATA MOTHERSON Pvt. Ltd. (India)
		(Manufacture/sale) ANEST IWATA MOTHERSON COATING EQUIPMENT Pvt. Ltd. (India)
		(Manufacture/sale) ANEST IWATA SOUTHEAST ASIA Co., Ltd. (Thailand)
		(Manufacture/sale) ANEST IWATA Korea Corp. (South Korea)
		(Sale) ANEST IWATA Vietnam Co., Ltd. (Vietnam)
(Sale) PT.ANEST IWATA INDONESIA (Indonesia)		
Other	Consolidated subsidiaries	(Sale) ANEST IWATA USA, Inc. (U.S.)
		(Manufacture/Sale) ANEST IWATA-Medea, Inc. (U.S.)
		(Manufacture/sale) ANEST IWATA AIR ENGINEERING, Inc. (U.S.)
		(Sale) ANEST IWATA Mexico, S. de R.L. de C. V (Mexico)
		(Sale) ANEST IWATA DO BRASIL COMERCIAL LTDA. (Brazil)
		(Manufacture/sale) AIRZAP-ANEST IWATA INDUSTRIA E COMERCIO LTDA. (Brazil)
		(Sale) ANEST IWATA Australia Pty. Ltd. (Australia)
		(Sale) ANEST IWATA RUS LLC (Russia)
	(Sale) ANEST IWATA South Africa (Pty) Ltd. (South Africa)	
Equity method	(Manufacture/sale) Powerex-Iwata Air Technology, Inc. (U.S.)	

(Note) (Sale) (Manufacture/sale), and Equity method in the above table mean sales company, sales and manufacturing company, equity method affiliates, respectively.

(10) Employees

Reportable segment	Japan	Europe	Asia	Other	Total
Number of employees	616	155	824	141	1,736
Year on year Increase/decrease	+19	+15	+78	-	+112

(Notes)

1. The increase in Europe is attributable to the effect of organizational restructuring.
2. The increase in Asia is mainly attributable to the acquisition of a business of ANEST IWATA SPARMAX Co., Ltd. (formerly Ding Hwa Co., Ltd.) from a compressor maker in Taiwan, which become a consolidated subsidiary as a result of the acquisition.

(11) Principal Lenders

There is no significant lender to be disclosed.

2. Status of the Company

(1) Status of Shares

(i) Total number of authorized shares	189,290,000 shares
(ii) Total number of shares issued	41,738,841 shares (excluding 6,664 treasury shares)
(iii) Number of shareholders	2,820
(iv) Major shareholders	

Shareholder name	Number of shares	Shareholding ratio
Japan Trustee Services Bank, Ltd. (Trust Account)	3,725,000	8.9%
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,096,500	7.4%
The Dai-ichi Life Insurance Company, Limited	2,272,000	5.4%
ANEST IWATA Supplier Shareholding Association	1,841,400	4.4%
ANEST IWATA Customer Shareholding Association	1,761,000	4.2%
Meiji Yasuda Life Insurance Company	1,520,848	3.6%
MUFG Bank, Ltd.	1,105,635	2.6%
Resona Bank, Limited.	1,034,349	2.5%
The Joyo Bank, Ltd.	960,000	2.3%
Taikisha Ltd.	895,000	2.1%

(Notes)

1. Shareholding ratio is calculated after deducting treasury shares (6,664 shares).
2. The Report of Possession of Large Volume (change report) made available for public inspection as of April 16, 2018 by the Mitsubishi UFJ Financial Group, Inc. (consisting of joint holders of MUFG Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Mitsubishi UFJ Kokusai Asset Management Co., Ltd., MU Investments Co., Ltd.) states that they hold 3,370,535 shares of the Company in total as of April 9, 2018. However, as the Company is unable to confirm the actual number of shares held by the company at the end of the fiscal year under review, it is not included in the list of major shareholders above.

3. Company Officers

(1) Directors

Position	Name	Positions, responsibilities and significant concurrent positions
Representative Director	*Takahiro Tsubota	President, Representative Director, Chief Executive Officer Chief Operating Officer of Business Administration Division Representative Director, ANEST IWATA Korea Corp.
Director	*Hiroshi Koga	Executive Vice President Special Assignment
Director	*Shinya Tsukamoto	Executive Vice President Research Laboratory of Advanced Technology President, ANEST IWATA FEELER Corporation
Director	*Hajime Iwata	Executive Vice President Chief Operating Officer of Coating Division President, ANEST IWATA (DONGGUAN) Corporation
Director	Kazumichi Matsuki	Auditor, SANDEN HOLDINGS CORPORATION Outside Director, Nissha Co., Ltd.
Director	Kozo Yoneda	Managing Partner, Three Fields, LLC. Outside Director, FORLIFE Co., Ltd. Outside Director, HOKUETSU METAL LTD.
Director (Full-time Audit & Supervisory Committee Member)	Masato Suzuki	
Director (Audit & Supervisory Committee Member)	Kyosuke Oshima	
Director (Audit & Supervisory Committee Member)	Masashige Takayama	Representative Partner, Kyowa Audit Corporation Representative Partner, Kyowa Tax Corporation
Director (Audit & Supervisory Committee Member)	Toshifumi Mori	Partner & Director, Osborn & Mori Partners K.K.

(Notes)

- The five Directors Kazumichi Matsuki, Kozo Yoneda, Kyosuke Oshima, Masashige Takayama, and Toshifumi Mori are Outside Directors. These five Directors are Independent Directors who are designated as required by the Tokyo Stock Exchange. They have no conflict of interest with general shareholders.
- Mr. Masato Suzuki, Director who is an Audit & Supervisory Committee Member, is a full-time Audit & Supervisory Committee Member.
The Company has elected a full-time Audit & Supervisory Committee Member who is thoroughly familiar with the internal situation of the Company. The Company implements oversight and supervision of audits with the information collected through close communication with Representative Directors, officers responsible for operation execution, Accounting Auditor and the internal audit department, striving to enhance the effectiveness of oversight by the Audit & Supervisory Committee.
- Mr. Masashige Takayama, Director who is an Audit & Supervisory Committee Member, is a certified public accountant and a tax accountant; therefore has considerable knowledge of finance and accounting.
- The Company has adopted an executive officer system. The Directors marketed with an asterisk (*) concurrently serve as Executive Officers.

(2) Outline of the Agreement on Limitation of Liability

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company entered into an agreement with Directors excluding Executive Directors to limit their liabilities for damages arising from a failure to carry out their duties prescribed in Article 423, Paragraph 1 of the Companies Act.

Under the terms of this agreement, if the Directors excluding Executive Directors involved has been without knowledge and has not been grossly negligent in performing his or her duties, the Directors would be liable for damages up to the minimum liability amount prescribed in Article 425, Paragraph 1 of the Companies Act.

(3) Total Amount of Compensation, etc. of Directors

(In millions of yen unless otherwise stated)

Category	Total Amount of Compensation (In millions of yen)	Total Amount of Compensation per type (In millions of yen)			Number of Eligible Officers (persons)
		Fixed Compensation	Performance-based Compensation	Retirement Benefit	
Directors (excluding Audit & Supervisory Committee Members) [Independent Directors]	153 [14]	97 [8]	56 [5]	—	7 [2]
Directors (Audit & Supervisory Committee Members) [Independent Directors]	47 [23]	31 [15]	16 [8]	—	5 [3]
Total	201	128	72	—	12

(Notes)

1. The amount of compensation of Directors and employees shown above does not include the amount equivalent to their salaries that they receive as an employee (4 persons, 17 million yen).
2. The number of Directors above includes one Director and one Audit & Supervisory Committee Member who retired from their offices at the conclusion of the 72nd Annual General Meeting of Shareholders held on June 22, 2018.
3. At the 70th Annual General Meeting of Shareholders held on June 28, 2016, it was resolved that compensation for Directors who are not Audit & Supervisory Committee Members shall be no more than 200 million yen per annum, and compensation for Directors who are Audit & Supervisory Committee Members shall be no more than 60 million yen per annum.
4. Separate from the amounts above, the balance of compensation scheduled to be paid in connection with the abolition of the Directors' Retirement Benefit Plan pursuant to the resolution approved at the 59th Annual General Meeting of Shareholders held on June 28, 2005 outstanding as at the end of the current fiscal year is 9 million yen.

(4) Policy for the Determination of Compensation for Directors

The compensation of Directors of the Company consists of annual performance-based compensation (Directors' bonuses), the amount of which is determined based on the amount of fixed monthly salary and the amount of consolidated ordinary income within the limit approved by the General Meeting of Shareholders.

The amount of compensation of Directors (excluding Directors who are Audit & Supervisory Committee Members) is determined by the Board of Directors by resolution after deliberating on the evaluation results by the Nominating/Compensation Committee, which is chaired by an Independent Director who is an Audit & Supervisory Committee Member, within the limit approved based on the resolution at the General Meeting of Shareholders.

The amount of compensation of Directors who are Audit & Supervisory Committee Members is determined based on mutual consultation among the Directors who are Audit & Supervisory Committee Members within the limit approved based on the resolution at the General Meeting of Shareholders.

(5) Matters concerning Independent Officers

(a) Relationship between the Company and the companies in which significant concurrent positions are held

- i. Director Kazumichi Matsuki holds significant concurrent positions with the following companies:

- Auditor, SANDEN HOLDINGS CORPORATION
- Outside Director, Nissha Co., Ltd.

There is no significant transaction or other relationship between the Company and these companies.

ii. Director Kozo Yoneda holds significant concurrent positions with the following companies:

- Managing Partner, Three Fields, LLC.
- Outside Director, FORLIFE Co., Ltd.
- Outside Director, HOKUETSU METAL LTD.

There is no significant transaction or other relationship between the Company and these companies.

iii. Mr. Kyosuke Oshima, Director who is Audit & Supervisory Committee Member, holds no significant concurrent position with other companies.

iv. Mr. Masashige Takayama, Director who is Audit & Supervisory Committee Member, holds significant concurrent positions with the following companies:

- Representative Partner, Kyowa Audit Corporation
- Representative Partner, Kyowa Tax Corporation

There is no significant transaction or other relationship between the Company and these companies.

v. Mr. Toshifumi Mori, Director who is Audit & Supervisory Committee Member, holds significant concurrent positions with the following companies:

- Partner & Director, Osborn & Mori Partners K.K.

There is no significant transaction or other relationship between the Company and these companies.

(b) Main activities during the current fiscal year

Name	Attendance Meetings attended/ meetings held (Attendance ratio)	Main activities
Kazumichi Matsuki (Independent Director)	Board of Directors: 11/11 (100%) Nominating/Compensation Committee: 5/5 (100%) Internal Control Committee: 3/3 (100%) Member of CSR Committee: 3/3 (100%)	He provided his opinions, recommendations, etc., appropriately based on his knowledge in legal and compliance accumulated through the abundant business experience in manufacturing industry. He also served as a member of the Nominating/Compensation Committee, Internal Control Committee, and CSR Committee.
Kozo Yoneda (Independent Director)	Board of Directors: 14/14 (100%) Nominating/Compensation Committee: 7/7 (100%)	He provided his opinions, recommendations, etc., appropriately based on his extensive knowledge and experience accumulated through the involvement in corporate management as a top management executive in several companies. He also served as a member of the Nominating/Compensation Committee.
Kyosuke Oshima (Independent Director) (Audit & Supervisory Committee Member)	Board of Directors: 14/14 (100%) Audit & Supervisory Committee: 15/15 (100%) Nominating/Compensation Committee: 7/7 (100%) Internal Control Committee: 4/5 (80%) Member of CSR Committee: 4/5 (80%)	He provided his opinions, recommendations, etc., appropriately based on his extensive knowledge and experience accumulated through the involvement in corporate management in the manufacturing industry for many years. He also served as a member of the Nominating/Compensation Committee, Internal Control Committee, and CSR Committee.
Masashige Takayama (Independent Director) (Audit & Supervisory Committee Member)	Board of Directors: 14/14 (100%) Audit & Supervisory Committee: 15/15 (100%) Nominating/Compensation Committee: 7/7 (100%)	He provided his opinions, recommendations, etc., actively based on his knowledge and extensive experience as an accounting and tax expert. He also served as a chairperson of the Nominating/Compensation

Name	Attendance Meetings attended/ meetings held (Attendance ratio)	Main activities
		Committee.
Toshifumi Mori (Independent Director) (Audit & Supervisory Committee Member)	Board of Directors: 14/14 (100%) Audit & Supervisory Committee: 14/15 (93.3%) Nominating/Compensation Committee: 7/7 (100%)	He provided his opinions, recommendations, etc., appropriately based on his knowledge of corporate management and extensive experience at various companies in Japan and overseas. He also served as a vice-chairperson of the Nominating/Compensation Committee.

(Notes)

1. The term “Independent Director” in the table above means the Outside Officer as defined in Article 2, Paragraph 3, Item (v) of the Ordinance for Enforcement of the Companies Act.
2. Mr. Kazumichi Matsuki assumed the post of Director at the 72nd Annual General Shareholders Meeting held on June 22, 2018, and therefore, his attendance rate reflects the meetings held after his appointment.
3. The number of the Board of Directors meetings by written resolutions was excluded.

4. The Status of Accounting Auditor

- (i) Accounting Auditor's Name Seinan Audit Corporation
- (ii) Accounting Auditor's Compensation, etc. for the current fiscal year
 - a) Accounting Auditor's compensation, etc., for the current fiscal year 32,000 thousand yen
 - b) Total amount of money or other property benefits payable by the Company and its subsidiaries to Accounting Auditor 32,000 thousand yen

(Notes)

1. Audit & Supervisory Committee approved the amount of the Accounting Auditor's compensation, etc., based on the comprehensive evaluation of the appropriateness of the audit structure, audit scope, audit period, etc., stated in the accounting plan summary as well as the comparison with global standard audit level.
2. The audit agreement between the Company and Accounting Auditor does not distinguish the compensation for the audit pursuant to the Companies Act from the one pursuant to the Financial Instruments and Exchange Act, and also actual distinction is not possible; the amount of compensation, etc. for Accounting Auditor for the current fiscal year include the compensation for both audits.
3. The material subsidiaries of the Company that operate overseas are audited by audit corporations or certified public accountants other than the Accounting Auditor of the Company.

(iii) Policy Regarding Decisions to Remove or Not to Re-elect the Accounting Auditor

If the Audit & Supervisory Committee has determined that the Accounting Auditor falls under any of the items of Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Committee shall dismiss the Accounting Auditor by unanimous consent of its members.

In addition, in cases where the Audit & Supervisory Committee deemed it necessary to dismiss or not to reappoint the Accounting Auditor because of, for example, his/her difficulty in executing duties, the Audit & Supervisory Committee shall make a resolution of the dismissal or non-reappointment of the Accounting Auditor, which shall be submitted by the Board of Directors to the General Meeting of Shareholders.

(iv) Summary of the Agreement on Limitation of Liability

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has stipulated in its Articles of Incorporation that it may, by resolution of the Board of Directors, exempt its Accounting Auditor prescribed in Article 423, Paragraph 1 of the Companies Act (including a person who was formerly the Accounting Auditor) from its liability for damages to the extent permitted by laws and regulations and has concluded the following liability limitation agreement.

Unless damage is caused on purpose or due to gross negligence by the Accounting Auditor, the Accounting Auditor's liability for damages shall be limited to the amount calculated as 200% of the highest amount among the total amount of compensation and other property benefits received by the Accounting Auditor from the Company as consideration for the execution of duties calculated for each fiscal year.

5. Basic policy on the control of the Company

The outline of the basic policy

Since its founding in 1926, the Company has “taken the customer’s standpoint and delivered products and services with trustworthiness and sincerity,” under our corporate motto of “Trustworthy & Sincere (*Makotono kokoro*).” Using accumulated knowledge and know-how, the Company has striven for quality improvement and technological innovation, and, with the support of our customers, has grown into a company that aims to be a specialist manufacturer of coating equipment, air compressors and vacuum equipment.

The person who control decisions for finance and business operations of the Company shall use knowledge and know-how that the Company has accumulated for a long period of time, and the person shall pursue quality improvement and technical innovation to achieve further expansion of business scale and contribution to society, which will lead to long-term enhancement of the Company’s corporate value as well as contribution to the protection and enhancement of the common interests of its shareholders.

The Company recognizes as a listed company that the Company’s shares are freely traded, and that even so-called “hostile takeovers” conducted without the consent of the Board of Directors of the Company should not be denied unconditionally if such action benefits the corporate value and common interests of shareholders. We believe that the acceptance or denial of a large-scale purchase proposed by a specific party should ultimately be decided by shareholders who hold the Company’s shares.

However, among large-scale purchases of shares, there are many that violate the protection and enhancement of the corporate value of the target company and the common interests of its shareholders. Examples of such large-scale purchase of shares include those whose purpose of the purchase deemed significantly detrimental to the corporate value of the target company and the common interests of its shareholders, those that force shareholders to sell their shares in effect, those that do not provide sufficient time or information for the board of directors or the shareholders of the target company to deliberate their purpose of the purchase or for the board of directors to prepare an alternate proposal, those that require the target company to negotiate with the purchaser in order for the target company to attain more favorable terms than the conditions presented by the purchaser. Therefore, with the resolution at the Board of Directors meeting held on May 15, 2007, the Company introduced rules regarding large-scale purchases in order to protect the corporate value of the Company and the common interests of its shareholders, and provides its shareholders time to make an appropriate judgment regarding whether to accept the purchase.

For the details of the introduced rules, please visit the website of the Company (<http://www.anest-iwata.co.jp/>). We propose the continuation of these rules with necessary changes in dates, job positions, etc., but without changing the basic structure. The details of the proposal in which basic composition is the same but dates and titles are renewed are provided in Proposal No. 4 “Continuation of the Policy against Large-Scale Purchases of the Company’s Shares (Takeover Defense Measures)” in the “Reference Documents for the General Meeting of Shareholders” of this Notice.

(Amounts and numbers of shares in this Business Report are rounded down to the nearest unit, while ratios are rounded to the nearest unit.)

Consolidated Financial Statements

(April 1, 2018 – March 31, 2019)

Consolidated Balance Sheet

(In thousands of yen)

Description	73rd (As of March 31, 2019)	Description	73rd (As of March 31, 2019)
(Assets)		(Liabilities)	
Current assets	26,021,583	Current liabilities	9,956,130
Cash and deposits	10,787,387	Notes and accounts payable-trade	4,204,616
Trade notes and accounts receivable-trade	7,336,396	Short-term loans payable	1,399,568
Merchandise and finished goods	3,914,313	Current portion of long-term loans payable	1,201
Work in process	873,703	Lease obligations	205,039
Raw materials and supplies	2,231,808	Income taxes payable	500,515
Other	1,065,432	Provision for bonuses	646,434
Allowance for bad debt	(187,458)	Provision for directors' bonuses	91,759
Fixed assets	21,536,214	Provision for product warranties	203,503
Property, plant and equipment	12,257,465	Other	2,703,490
Buildings and structures	5,237,877	Long-term liabilities	4,098,770
Machinery, equipment and vehicles	2,556,546	Long-term loans payable	270,892
Land	2,137,302	Lease obligations	1,194,754
Leased assets	1,343,204	Deferred tax liabilities	295,098
Construction in progress	522,237	Liability for retirement benefits	2,239,742
Other	460,296	Other	98,282
Intangible assets	3,318,836	Total liabilities	14,054,901
Goodwill	1,688,080	(Net assets)	
Software	169,019	Shareholders' equity	29,845,616
Other	1,461,736	Capital stock	3,354,353
Investments and other assets	5,959,913	Capital surplus	1,117,838
Investment securities	4,238,656	Retained earnings	25,378,817
Long-term loans receivable	23,665	Treasury shares	(5,393)
Deferred tax assets	957,769	Accumulated other comprehensive income	55,978
Net defined benefit asset	574,630	Valuation difference on available-for-sale securities	527,387
Long-term deposits	11,786	Foreign currency translation adjustment	(200,006)
Other	164,130	Remeasurements of retirement benefit plans	(271,402)
Allowance for bad debt	(10,725)	Non-controlling interests	3,601,303
Total assets	47,557,798	Total net assets	33,502,897
		Total liabilities and net assets	47,557,798

(Amounts have been rounded down to the nearest thousand.)

Consolidated Statement of Income

(In thousands of yen)

Description	73rd (from April 1, 2018 to March 31, 2019)	
Net sales		38,807,259
Cost of sales		22,030,151
Gross profit		16,777,107
Selling, general and administrative expenses		12,437,642
Operating income		4,339,464
Non-operating income		659,144
Interest income	52,557	
Dividend income	68,941	
Insurance income	67,842	
Share of profit of entities accounted for using equity method	317,548	
Other	152,255	
Non-operating expenses		297,308
Interest expenses	80,244	
Foreign exchange losses	85,135	
Retirement benefit expenses for prior periods	111,359	
Other	20,569	
Ordinary income		4,701,300
Extraordinary income		62,055
Gain on step acquisitions	2,697	
Gain on sales of non-current assets	8,689	
Loss on liquidation of subsidiaries	50,668	
Extraordinary losses		183,510
Impairment loss	69,090	
Loss on sales of non-current assets	29,440	
Loss on disposal of fixed assets	7,063	
Demolition and demobilization cost	27,996	
Litigation settlement	49,920	
Profit before income taxes		4,579,845
Income taxes-current	1,306,711	
Income taxes-deferred	(70,393)	1,236,317
Profit		3,343,527
Profit attributable to non-controlling interests		395,800
Profit attributable to owners of parent		2,947,727

(Amounts have been rounded down to the nearest thousand.)

Non-Consolidated Financial Statements

(April 1, 2018 – March 31, 2019)

Non-Consolidated Balance Sheet

(In thousands of yen)

Description	73rd (As of March 31, 2019)	Description	73rd (As of March 31, 2019)
(Assets)		(Liabilities)	
Current assets	11,041,207	Current liabilities	4,076,164
Cash and deposits	4,457,711	Accounts payable-trade	1,977,405
Accounts receivable-trade	3,876,455	Lease obligations	197,895
Merchandise and finished goods	948,903	Accounts payable-other	939,580
Work in process	672,318	Income taxes payable	169,925
Raw materials and supplies	813,026	Deposits received	22,689
Other	276,659	Provision for bonuses	438,816
Allowance for bad debt	(3,867)	Provision for directors' bonuses	91,759
Fixed assets	20,716,743	Provision for product warranties	200,354
Property, plant and equipment	7,420,145	Other	37,737
Buildings	2,676,968	Long-term liabilities	3,000,484
Structures	178,832	Lease obligations	1,107,168
Machinery and equipment	1,386,827	Provision for retirement benefits	1,874,726
Vehicles	3,726	Other	18,588
Tools, furniture and fixtures	221,881	Total liabilities	7,076,648
Land	1,268,453	(Net assets)	
Leased assets	1,196,544	Shareholders' equity	24,153,913
Construction in progress	486,909	Capital stock	3,354,353
Intangible assets	148,936	Capital surplus	1,380,380
Leasehold right	790	Legal capital surplus	1,380,380
Software	125,017	Retained earnings	19,424,574
Other	23,128	Legal retained earnings	838,588
Investments and other assets	13,147,660	Other retained earnings	18,585,985
Investment securities	2,598,945	General reserve	9,700,000
Shares of subsidiaries and associates	2,888,909	Retained earnings brought forward	8,885,985
Investments in capital	1,200	Treasury shares	(5,393)
Investments in capital of subsidiaries and associates	4,765,524	Valuation and translation adjustments	527,387
Long-term loans receivable from subsidiaries and associates	1,719,643	Valuation difference on available-for-sale securities	527,387
Prepaid pension costs	715,181		
Deferred tax assets	471,312	Total net assets	24,681,301
Other	107,669		
Allowance for bad debt	(120,725)	Total liabilities and net assets	31,757,950
Total assets	31,757,950		

(Amounts have been rounded down to the nearest thousand.)

Non-Consolidated Statement of Income

(April 1, 2018 - March 31, 2019)

(In thousands of yen)

Description	73rd (from April 1, 2018 to March 31, 2019)	
Net sales		17,124,281
Cost of sales		10,908,858
Gross profit		6,215,423
Selling, general and administrative expenses		4,291,899
Operating income		1,923,523
Non-operating income		1,095,918
Interest income	21,997	
Dividend income	807,730	
Technical support fee	123,250	
Other	142,941	
Non-operating expenses		95,219
Interest expenses	20,205	
Foreign exchange losses	49,817	
Provision of allowance for bad debt	23,147	
Other	2,048	
Ordinary income		2,924,223
Extraordinary income		14,126
Gain on sales of shares of subsidiaries	14,126	
Extraordinary losses		149,935
Loss on sales of fixed assets	23,673	
Loss on disposal of fixed assets	4,129	
Impairment loss	69,090	
Demolition and demobilization cost	27,996	
Litigation settlement	25,045	
Profit before income taxes		2,788,414
Income taxes-current	502,643	
Income taxes-deferred	82,371	585,015
Profit		2,203,399

(Amounts have been rounded down to the nearest thousand.)