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(Stock Exchange Code 4987)

(June 7, 2023)

(Commencement date of measures for electronic provision: May 30, 2023)

To Shareholders with Voting Rights:

Kenichi Tsuji
President and Representative Director
Teraoka Seisakusho Co., Ltd.
Head Office: 1-4-22 Hiromachi,
Shinagawa-ward, Tokyo

**NOTICE OF CONVOCAATION
OF THE 113TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

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

You are cordially invited to attend the 113th Annual General Meeting of Shareholders of Teraoka Seisakusho Co., Ltd. (the “Company”). The meeting will be held for the purposes as described below.

The Company has, for convening this General Meeting of Shareholders, taken measures for electronic provision. Matters to be provided electronically have been placed as NOTICE OF CONVOCAATION OF THE 113TH ANNUAL GENERAL MEETING OF SHAREHOLDERS on the following website.

The Company’s website: <https://www.teraokatape.co.jp/ir/meeting/>

In addition to the above website, the matters are placed on the following website.

Tokyo Stock Exchange’s website: <https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

Please access the above Tokyo Stock Exchange’s website, enter “Teraoka Seisakusho” in Issue name (company name) or “4987” in Code to search, and then click on “Basic information” and “Documents for public inspection/PR information” to review the matters.

In place of attending the meeting, you may exercise your voting rights in writing. In this case, after reviewing the Reference Documents for the General Meeting of Shareholders included in the matters to be provided electronically, please indicate your vote for or against each proposal on the enclosed Voting Rights Exercise Form and return it so that it shall be received by 5:20 p.m. on Wednesday, June 21, 2023, Japan time.

1. Date and Time: Thursday, June 22, 2023 at 10:00 a.m. Japan time (reception starts at 9:00 a.m.)

2. Venue: OSAKI BRIGHT CORE HALL
3F OSAKI BRIGHT CORE, 5-5-15 Kitashinagawa, Shinagawa-ward, Tokyo

3. Meeting Agenda:

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company’s 113th Fiscal Year (April 1, 2022 - March 31, 2023) and audit result of Consolidated Financial Statements by Accounting Auditors and the Board of Auditors
 2. Non-consolidated Financial Statements for the Company’s 113th Fiscal Year (April 1, 2022 - March 31, 2023)

Proposals to be resolved:

- | | |
|--------------------|----------------------------------|
| Proposal 1: | Distribution of Surplus |
| Proposal 2: | Election of 1 Director |
| Proposal 3: | Election of 3 Auditors |
| Proposal 4: | Election of 1 Substitute Auditor |

4. Matters to be Determined Upon Convocation:

Exercise of Voting Rights by Proxy

Proxies to whom the exercise of voting rights may be delegated are limited to one other shareholder who holds voting rights, in accordance with the Articles of Incorporation of the Company. If attending the meeting by proxy, please submit a written proof of the authority of representation (power of attorney, etc.) together with the Voting Rights Exercise Forms of the shareholder and proxy at the reception desk.

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- ◎ When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. Additionally, please bring this Notice with you for use as meeting material.
 - ◎ If neither approval nor disapproval of a proposal is indicated on the Voting Rights Exercise Form, it shall be deemed a vote of approval for the proposal.
 - ◎ The live-stream of the meeting on the day and the on-demand streaming on a later date will be available on the Internet. Please refer to the enclosed documents for details.
 - ◎ If the matters to be provided electronically are revised, the revised version is placed on each website on which the matters are placed.
 - ◎ All speakers and operational staff will take preventive measures, including wearing masks.
 - ◎ No gifts will be given to shareholders attending the General Meeting of Shareholders.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Distribution of Surplus

The Company proposes to distribute its surplus as follows.

1. Items Related to Distribution of Surplus

To stably distribute dividends to shareholders, the Company plans to withdraw part of general reserve as follows.

(1) Entry for decreased surplus and amount thereof

General reserve: 2,000,000,000 yen

(2) Entry for increased surplus and amount thereof

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

2. Items Related to Term-end Dividend

The Company considers the return of profits to shareholders as one of the most important management issues and positions the continuation of stable dividends as a basic policy of returning profits. The Company's basic approach to the return of profits to shareholders is to make a decision after comprehensively taking into consideration various factors that affect the dividend level, including business performance for the fiscal year under review, financial position, cash flows, and the dividend payout ratio, in addition to future business strategy, business development policies, forecasts, and other factors, while also securing the funds for investment.

In accordance with this basic policy, the Company plans to pay a term-end dividend for the 113th fiscal year as follows.

(1) Items related to the allocation of dividend property to shareholders and its total amount

3 yen per share of common stock

Total of 75,995,853 yen

(2) Effective date of distribution of surplus


June 23, 2023

Proposal 2: Election of 1 Director

Director Mr. Tatsuya Kamikawa resigned on March 31, 2023. Accordingly, we propose the election of 1 Director. As stipulated in the Articles of Incorporation of the Company, term of office of Director to be newly elected is until term of office of the resigned Director expires.

Regarding the policies and procedures for the determination of a Director candidate, its selection and appointment are conducted by a resolution of the Board of Directors taking into comprehensive consideration of the following factors: the candidate has a deep understanding of the Company's corporate philosophy and management principles; may be expected to contribute to the further development of the Company; has the ability to accurately grasp issues in the divisions under their control and cooperate with other officers and employees to resolve issues; and possesses the attitude and knowledge to comply thoroughly with laws, regulations and the corporate ethics.

The candidate for Director is as follows:

Name (Date of birth)	Past experience, positions, and significant concurrent positions	Number of shares of the Company held
 <p>[New election] [External] Masahiro Yoshida (January 31, 1970)</p>	<p>April 1993 Joined ITOCHU Corporation April 2021 General Director, ITOCHU Vietnam LLC. April 2023 General Manager, Industrial Textile & Lifestyle Department (current position) (to present)</p>	<p>0 shares</p>
<p>[Reason for nomination as a candidate for External Director and outline of expected role]]</p> <p>Mr. Masahiro Yoshida has abundant experience and achievements in sales fields in ITOCHU Corporation and is expected to actively provide comments and advice from the perspective of promoting management reform at meetings of the Board of Directors. In addition, the Company has judged that he is independent from the management team, that there is no risk of conflicts of interest with general shareholders, and that he will contribute significantly to strengthening the corporate governance of the Company and has thus nominated him as a candidate for External Director.</p>		

(Notes)

1. There are no special interests between Mr. Masahiro Yoshida and the Company.
2. Mr. Masahiro Yoshida is a candidate for External Director.
3. Mr. Masahiro Yoshida is an executive at ITOCHU Corporation, which has an important business relationship with the Company (major trading partner).
4. If the election of Mr. Masahiro Yoshida is approved, the Company intends to enter into a liability limitation agreement, pursuant to Article 427, Paragraph 1 of the Companies Act and our Articles of Incorporation, to limit his liability to compensate for damages under Article 423, Paragraph 1 of the said Act to the minimum amount of liability set forth by Article 425, Paragraph 1 of the said Act.
5. The Company has entered into a directors and officers liability insurance contract with an insurance company. This insurance policy will cover any losses or damage that the insured Directors would bear if they were to assume liability for the performance of their duties or be subject to a claim for the pursuit of such liability. However, there are grounds for exemptions. For example, losses or damage caused intentionally or with gross negligence will not be covered. If Mr. Masahiro Yoshida assumes office as Director, he will be insured under the insurance contract, which is to be renewed during his term of office.



Proposal 3: Election of 3 Auditors


Terms of office of Auditors Mr. Yutaka Nomiya, Mr. Jun Watanabe, and Mr. Masaki Miyake will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, we propose the election of 3 Auditors.

Regarding the policies and procedures for the determination of Auditor candidates, their selection and appointment are conducted by a resolution of the Board of Directors taking into comprehensive consideration of factors such as: the candidate has a deep understanding of the Company's corporate philosophy and management principles, and is capable of appropriately supervising Director's execution of duties; preventing violation of laws, regulations, and the Articles of Incorporation; performing audits from a neutral and objective viewpoint; and contributing to ensuring of sound management.

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

The candidates for Auditor are as follows:

No.	Name (Date of birth)	Past experience, positions, and significant concurrent positions	Number of shares of the Company held
1	 [Reelection] Yutaka Nomiya (March 16, 1954)	April 1977 Joined The Daiwa Bank, Limited (currently Resona Bank, Limited) April 2004 Joined the Company July 2005 General Manager, General Affairs Department June 2007 Operating Officer; Deputy Executive General Manager, Administrative Division; General Manager, General Affairs and Personnel Department June 2008 Director; Executive General Manager, Administrative Division; General Manager, General Affairs and Personnel Department April 2010 Director; Executive General Manager, Administrative Division June 2011 Auditor (current position) Audit & Supervisory Board Member (Outside), KANADEN CORPORATION (current position) (to present)	10,597 shares
[Reason for nomination as a candidate for Auditor] Mr. Yutaka Nomiya is familiar with business management and has sufficient experience of supervising management, in addition to experience as Director. Therefore, believing that he is capable of supervising Director's execution of duties from an objective and fair standpoint, the Company has renominated him as a candidate for Auditor.			
2	 [Reelection] Jun Watanabe (December 7, 1954)	My 1978 Joined the Company April 2004 General Manager, Tokyo Branch Office June 2007 Operating Officer; Deputy Executive General Manager, Sales Division; General Manager, Tokyo Branch Office June 2008 Director; Executive General Manager, Sales Division; General Manager, Overseas Sales Division January 2014 Senior Operating Officer; Chairman, General Manager, TERAOKA SEISAKUSHO (HONG KONG) CO., LTD.; Chairman, General Manager, TERAOKA SEISAKUSHO (SHANGHAI) CO., LTD.; Chairman, General Manager, TERAOKA SEISAKUSHO (SHENZHEN) CO., LTD. June 2016 Auditor (current position) (to present)	12,010 shares
[Reason for nomination as a candidate for Auditor] Mr. Jun Watanabe is familiar with domestic and overseas sales in general and has sufficient experience of supervising management, in addition to experience as Director. Therefore, believing that he is capable of supervising Director's execution of duties from an objective and fair standpoint, the Company has renominated him as a candidate for Auditor.			

No.	Name (Date of birth)	Past experience, positions, and significant concurrent positions	Number of shares of the Company held
3	 <p>[Reelection] [External]</p> <p>Masaki Miyake (September 29, 1960)</p>	<p>April 1983 Joined The Toyo Trust and Banking Company, Limited (currently Mitsubishi UFJ Trust and Banking Corporation)</p> <p>December 1998 General Manager, Stock Offering Department, Osaka Corporate Agency Division</p> <p>April 2007 General Manager, Corporate Agency Business Division IV</p> <p>June 2010 Executive Officer; General Manager, Corporate Agency Business Division IV</p> <p>August 2010 Executive Officer; General Manager, Corporate Agency Business Division II</p> <p>June 2014 Director, Vice President, MU Trust Sogo Kanri Co., Ltd.</p> <p>June 2015 Auditor of the Company (current position)</p> <p>April 2020 Representative Director, Vice President, Mitsubishi UFJ Daiko Business Co., Ltd. (current position) (to present)</p>	0 shares
<p>[Reason for nomination as a candidate for External Auditor]</p> <p>Mr. Masaki Miyake cultivated work experience related to management at Mitsubishi UFJ Daiko Business Co., Ltd., and has extensive experience and knowledge in the business management field. Therefore believing that he is capable of supervising Director's execution of duties from an objective and fair standpoint, the Company has renominated him as a candidate for External Auditor.</p>			

(Notes)

1. There are no special interests between the candidates and the Company.
2. The Company has entered into a liability limitation agreement with Mr. Jun Watanabe and Mr. Masaki Miyake, pursuant to Article 427, Paragraph 1 of the Companies Act and our Articles of Incorporation, to limit their liability to compensate for damages under Article 423, Paragraph 1 of the said Act to the minimum amount of liability set forth by Article 425, Paragraph 1 of the said Act. If each of them is reappointed, the Company will continue the limited liability agreement.
3. The Company has entered into a directors and officers liability insurance contract with an insurance company. This insurance policy will cover any losses or damage that the insured Auditors would bear if they were to assume liability for the performance of their duties or be subject to a claim for the pursuit of such liability. However, there are grounds for exemptions. For example, losses or damage caused intentionally or with gross negligence will not be covered. If each candidate assumes office as Auditor, each of them will be insured under the insurance contract, which is to be renewed during their terms of office.
4. The number of the Company's shares each candidate holds includes shares in the shareholding association. (Fractions less than one share shall be rounded down.)
5. Mr. Masaki Miyake is a candidate for External Auditor.
6. The term of office of Mr. Masaki Miyake as External Auditor of the Company will have been eight years as of the conclusion of this Annual General Meeting of Shareholders.


Proposal 4: Election of 1 Substitute Auditor

In order to prepare for the contingency in which the number of Auditors falls below that required by laws and regulations, we propose the election of 1 Substitute External Auditor.

Furthermore, the effectiveness of the election in this proposal may be cancelled by resolution of the Board of Directors, with the consent of the Board of Auditors, provided it is prior to candidate's assumption of office.

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

The candidate for Substitute Auditor is as follows:

Name (Date of birth)	Past experience, positions, and significant concurrent positions		Number of shares of the Company held
 [External] [Independent] Masayuki Sugaya (March 7, 1969)	April 1991	Joined KANADEN CORPORATION	0 shares
	April 2013	General Manager, Corporate Planning Department, Corporate Strategy Office	
	June 2016	General Manager, Corporate Planning Department, Corporate Strategy Office; General Manager, Accounting Department, Accounting and Finance Office	
	April 2018	General Manager, Business Planning Department, Business Promotion Office	
	July 2018	General Manager, Accounting and Finance Department, Administration Management Office	
	October 2020	General Manager, Accounting and Finance Department	
	January 2021	General Manager, Accounting Department	
	October 2021	General Manager, Accounting Department; General Manager, Export Management Department	
	April 2023	General Manager, Accounting Department, Administrative Division; General Manager, Export Management Department	
	May 2023	Assistant to Executive General Manager, Administrative Division (current position) (to present)	
[Reason for nomination as a candidate for Substitute External Auditor] Mr. Masayuki Sugaya has engaged in the accounting duties at KANADEN CORPORATION after his involvement in that company’s corporate planning. We believe that if appointed as External Auditor, he will be able to utilize his abundant experience and wide-ranging insight in the auditing operations of the Company and supervise Directors’ execution of duties from an objective and fair perspective and have thus renominated him as a candidate for Substitute External Auditor.			

(Notes)

1. There are no special interests between the candidate and the Company.
2. Mr. Masayuki Sugaya is a candidate for Substitute External Auditor.
3. If the election of Mr. Masayuki Sugaya is approved and he assumes his office, the Company intends to enter into a liability limitation agreement with him, pursuant to Article 427, Paragraph 1 of the Companies Act and our Articles of Incorporation, to limit his liability to compensate for damages under Article 423, Paragraph 1 of said Act to the minimum amount of liability set forth by Article 425, Paragraph 1 of said Act.
4. If Mr. Masayuki Sugaya is appointed as Auditor, the Company intends to register him as an independent external auditor with Tokyo Stock Exchange, Inc.
5. The Company has entered into a directors and officers liability insurance contract with an insurance company. This insurance policy will cover any losses or damage that the insured Auditors would bear if they were to assume liability for the performance of their duties or be subject to a claim for the pursuit of such liability. However, there are grounds for exemptions. For example, losses or damage caused intentionally or with gross negligence will not be covered. If Mr. Masayuki Sugaya assumes office as Auditor, he will become an insured person under the insurance policy.

[Evaluation of the Effectiveness of the Board of Directors]

1. Outline of Evaluation of the Effectiveness of the Board of Directors

Item	Description
Target	All 10 Directors and all 4 Auditors in office in fiscal year 2022
Implementation Method	Questionnaire (anonymous)
Evaluation Items of Questionnaire	(i) Questions on composition of the Board of Directors (ii) Questions on operation of the Board of Directors (iii) Questions on agenda for the Board of Directors meetings (iv) Questions on structure to support the Board of Directors (v) Free description on points to be improved in the Board of Directors
Evaluation Method	Aggregate results of the target's questionnaire were analyzed and evaluated by the Board of Directors.

2. Outline of Evaluation Results

(1) General Comments

As a result of the evaluation by the Company's Board of Directors, the Company confirmed that the effectiveness of the Board of Directors is mostly ensured.

(2) The Company's Views on the Evaluation

(i) Composition of the Board of Directors

Matters related to diversity of members were pointed out, for example, a small number of technical Directors.

(ii) Operation of the Board of Directors

While many officers commented that it has showed a trend toward improvement in distributing materials in advance, it was pointed out that contents of materials need to be further summarized and more carefully described in consideration of External Officers.

(iii) Agenda for the Board of Directors meetings

(a) It was pointed out that there has been no discussion on the succession plan for the Representative Director. Based on the principles of the Corporate Governance Code, the Company will proceed with establishing of human resource requirements including election and dismissal criteria, a selection process that ensures objectivity, timeliness, and transparency, and a succession plan.

(b) It was pointed out that mid- and long-term management strategies should be discussed more frequently and further enhanced.

(iv) Structure to support the Board of Directors

More officers commented that an improvement was seen in strengthening of the function of the Audit Office and accuracy of suggestions.

Based on the results of this evaluation of the effectiveness of the Board of Directors, the Company will continue its efforts to maintain and improve the effectiveness of the Board of Director.