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Securities Code: 7482

May 28, 2021

To our shareholders:

Yoshihiko Kasai, CEO

SHIMOJIMA Co.,Ltd.

5-29-8, Asakusabashi, Taito-ku, Tokyo

Notice of the 60th Annual General Meeting of Shareholders

We are pleased to announce the 60th Annual General Meeting of Shareholders of SHIMOJIMA Co.,Ltd. (the “Company”), which will be held as indicated below.

To prevent the spread of the novel coronavirus disease (COVID-19), all shareholders are kindly requested to refrain from attending the Annual General Meeting of Shareholders in person if possible. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights in writing (postal mail) or via the internet by 5:30 p.m. on Tuesday, June 22, 2021 (JST).

1. Date and Time: Wednesday, June 23, 2021 at 10:00 a.m. (JST)

2. Venue: NEXT-1, 4F, AKIHABARA UDX
4-14-1, Soto-Kanda, Chiyoda-ku, Tokyo

3. Purpose of the Meeting

Matters to be reported

1. The Business Report and the Consolidated Financial Statements for the 60th fiscal year (from April 1, 2020 to March 31, 2021), and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Board
2. The Non-consolidated Financial Statements for the 60th fiscal year (from April 1, 2020 to March 31, 2021)

Matters to be resolved

Proposal No. 1 Appropriation of Surplus

Proposal No. 2 Election of One Director

Proposal No. 3 Determination of Remuneration to Grant Restricted Shares to Directors and Audit & Supervisory Board Members

- The Company will provide no gifts for the shareholders who attend the general meeting in person, the same as last year. Thank you for your understanding.
- If revisions to the contents of the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements are required, the Company will post the revised documents on the Company's website (<https://www.shimojima.co.jp>).
- To ensure that information is furnished in a timely manner, the contents of this Notice were posted on the Company's website before this Notice was sent out.

- **Disclosure on the internet**

Among the documents to be attached to this Notice, the following documents are posted on the Company's website pursuant to laws and regulations, as well as Article 16 of the Articles of Incorporation of the Company; therefore, they are not included in the documents attached to this Notice. Accordingly, the documents attached to this Notice are part of the documents that were audited by the Audit & Supervisory Board Members and the Financial Auditor in preparing the Audit Reports.

1. Notes to Consolidated Financial Statements

2. Notes to Non-consolidated Financial Statements

The Company's website (<https://www.shimojima.co.jp>)

If you are attending the General Meeting of Shareholders in person

To prevent infection of COVID-19, the Company requests that shareholders exercise their voting rights by mailing the voting form or via the internet, if at all possible.

If attending the General Meeting of Shareholders in person, please bring this notice of the annual general meeting of shareholders and the enclosed voting form and submit the latter at the reception desk. You are also requested to accept the contents of the “Notice Regarding Measures to Prevent Infection of COVID-19” as below.

(Note) We will shoot videos of the venue for livestreaming on the day. We will limit the shooting to areas near the seats of the chairperson and officers in the interest of the privacy of attending shareholders. However, attending shareholders may appear in a video unavoidably. We would appreciate your prior understanding.

Notice Regarding Measures to Prevent Infection of COVID-19

We ask that shareholders attending the meeting bring and wear masks and cooperate by allowing their temperature to be checked. In addition, attendees who appear to be unwell may be refused entry or may be asked to leave the venue during the meeting. We appreciate your understanding.

Hand sanitizer will be provided near the reception area of the venue for use by shareholders. In addition, the Company’s staff at the venue will have their health condition checked, including taking their temperature, and will wear masks.

To increase the spacing between the seats at the venue, there will be fewer seats than usual at this year’s meeting. In addition, the Company intends to make the meeting’s proceedings shorter than usual.

There will also be additional measures in place at the venue to prevent the spread of infection, and your understanding and cooperation with such measures is requested. If future developments necessitate a major change in the way the General Meeting of Shareholders will be run, shareholders will be informed via the website below.

https://www.shimojima.co.jp/ir/cov_topics.html (in Japanese only)

Reference Documents for the General Meeting of Shareholders

Proposal No. 1 Appropriation of Surplus

The Company's basic policy regarding the return of profit to its shareholders is to target a dividend payout ratio of 30% while securing internal reserves necessary for future business development and strengthening the management base.

The Company proposes the appropriation of surplus as follows:

1. Year-end dividend

The Company has given consideration to matters including the business performance of the fiscal year and future management environment, and it proposes to pay year-end dividends as follows:

(1) Type of dividend property

To be paid in cash.

(2) Allotment of dividend property and their aggregate amount

The Company proposes to pay a dividend of ¥11 per common share of the Company.

In this event, the total dividends will be ¥255,885,718. In addition, as the Company paid an interim dividend of ¥11 per share on December 7, 2020, the annual dividend for the fiscal year will be ¥22 per share.

(3) Effective date of dividends of surplus

The effective date of dividends will be June 24, 2021.

2. Other appropriation of surplus

As the funds to pay for the above year-end dividend, the Company plans to use the general reserve as follows.

(1) Item of surplus to be increased and amount of increase

Retained earnings brought forward: ¥600,000,000

(2) Item of surplus to be decreased and amount of decrease

General reserve: ¥600,000,000

Proposal No. 2 Election of One Director

The Company proposes the election of one Director, increasing the number of outside Directors by one, to enhance the management structure and corporate governance based on a report by the voluntary Nomination and Remuneration Committee.

In addition, as provided for in the Company's Articles of Incorporation, the term of office of the newly elected Director will be until the terms of office of the other currently serving Directors expire.

When nominating a candidate for Director, the Board of Directors conducts careful deliberations with an emphasis on the statutory requirements and requirements with respect to internal corporate regulations, as well as the candidate's personality and insight. In addition, when setting the business that the candidates are in charge of, etc., the Company tries to achieve an appropriate balance among the members in consideration of their professional background and expertise.

The candidate for Director is as follows:

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company		Number of the Company’s shares owned
New election Outside Independent	Chihiro Kanai (July 1, 1961)	Apr. 1984	Joined Citibank, N.A.	– shares
		Oct. 1990	Joined Chuo Audit Corporation	
		Mar. 1994	Registered as Certified Public Accountant	
		Aug. 2000	Established Chihiro Kanai Certified Public Accountant Office (current position)	
		Apr. 2015	Auditor of National Institute for Materials Science (current position)	
		May 2016	Auditor of Agricultural and Fishery Co-operative Savings Insurance Corporation (current position)	
		Dec. 2019	Auditor of Inose Logistics Service Co., Ltd. (current position)	
		Aug. 2020	Partner of Seirei Audit Corporation (current position)	
	[Significant concurrent positions outside the Company] Auditor of National Institute for Materials Science, Auditor of Agricultural and Fishery Co-operative Savings Insurance Corporation, Partner of Seirei Audit Corporation [Reasons for nomination and outline of the expected role] The candidate has a wealth of knowledge and experience as a certified public accountant. The Company expects her to provide objective opinions and advice on the Company’s management based on that wealth of knowledge and experience to make decisions from the perspective of general shareholders and ensure the effectiveness of the supervisory function. Accordingly, the Company has newly nominated her. If she is elected, the Company expects her to be involved in the selection of candidates of its officers and decisions on officer remuneration, etc. in an objective and neutral position as a member of the voluntary Nomination and Remuneration Committee.			

- Notes:
- There is no special interest between the candidate for Director and the Company.
 - Chihiro Kanai is a new candidate for Director.
 - Chihiro Kanai is a candidate for outside Director.
 - Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act and Article 28 of the Articles of Incorporation, the Company has entered into an agreement with Tsutomu Umeno and Takeyuki Iwasaki to limit their liability for damages pursuant to Article 423, paragraph (1) of the same Act. The maximum amount of liability for damages under this agreement is the amount provided for under laws and regulations. If the election of Chihiro Kanai is approved, the Company plans to enter into the aforementioned agreement with her as well.
 - Chihiro Kanai satisfies the requirements for an independent officer as provided for by Tokyo Stock Exchange, Inc., and the Company plans to submit notification to the aforementioned exchange concerning her designation as an independent officer.
 - In addition to the independence standards for outside directors stipulated by Tokyo Stock Exchange, Inc., the Company has established its own independence standards, taking into account the relationships with the Group, its officers and major shareholders, and Chihiro Kanai satisfies the independence standards.
 - The Company has entered into a directors and officers liability insurance policy with an insurance company pursuant to the provision of Article 430-3, paragraph (1) of the Companies Act to cover loss due to damage claims filed against the insured including the Company's Directors through the relevant insurance policy (however, this does not include cases of

unjust acts, etc. such as illegally gaining benefits or advantages, violations of laws and regulations, insider trading, and gross negligence). If a relevant candidate is elected and assumes office as Director, she will be the insured of the relevant insurance policy. The insurance policy is planned to be renewed with the same terms and conditions at the time of the next renewal.

8. Although Chihiro Kanai has not been involved in the management of businesses in ways other than serving as outside officer, she not only has a wealth of experience as a certified public accountant but also has been serving as tax counsel for the Company for many years and is thoroughly familiar with the Company's businesses and management environment. Accordingly, we have judged that she will be able to perform duties as outside Director appropriately.

(Reference) Independence of outside Directors

The Company's own independence standards are as follows.

- (1) The candidate is not a person who, as of the date they are scheduled to assume their position or in the past, is or was a person executing business at the Company, its subsidiaries or its associates.
- (2) The candidate is not a person who currently belongs to the Company's subsidiaries or its associates.
- (3) For items (1) and (2) above, ten years or more will have passed since the candidate's retirement as of the date they are scheduled to assume their position.
- (4) The candidate is not a person who, in the three most recent fiscal years, was one of the top ten major shareholders in the Company's shareholder register or belonged to an organization that is a major shareholder.
- (5) The candidate is not a person who currently belongs to a business partner whose business transactions with the Group in the three most recent fiscal years account for 1% or more of the consolidated net sales annually for the Group or the business partner.
- (6) The candidate is not an accounting professional, legal professional, or consulting or advisory agreement partner (in cases where the partner is a corporation or other organization, a person who currently belongs to that organization) who, in the three most recent fiscal years, has received an average of ¥10 million or more annually in monetary consideration or other economic benefits from the Company besides officer remuneration, etc.
- (7) The candidate is not a person who belongs to a non-profit organization that has received donations from the Group in the three most recent fiscal years accounting for 1% or more of its annual average total income.
- (8) For items (4), (5), (6) and (7) above, if the candidate belonged to an organization, business partner, etc., five years or more will have passed since the candidate's retirement as of the date they are scheduled to assume their position.
- (9) The candidate is not the spouse or a relative within the third degree of kinship, etc. of a person executing business at the Company or a specified affiliated business operator for the Company.

Proposal No. 3 Determination of Remuneration to Grant Restricted Shares to Directors and Audit & Supervisory Board Members

The current amount of remuneration and other payments for Directors and Audit & Supervisory Board Members of the Company (the “Eligible Officers”) was approved to be up to a maximum of ¥500 million (however, not including employee salaries) and ¥100 million per year for Directors and Audit & Supervisory Board Members, respectively, at the 33rd Annual General Meeting of Shareholders held on June 30, 1994. At this time, we seek approval for paying remuneration to newly grant restricted shares to the Eligible Officers within the remuneration limits as above. This is with a view to further incentivizing the Company’s Directors to contribute to increasing share prices and improving corporate value by sharing the merits and risks of fluctuations in share prices with our shareholders, and to further incentivizing the Audit & Supervisory Board Members to contribute to preventing damage to the corporate value of the Group and maintaining confidence in us by sharing the merits and risks of fluctuations in share prices with our shareholders and fulfilling their duties with the same point of view as the minority shareholders.

The total amounts of monetary remuneration to be paid to grant restricted shares to the Eligible Officers in accordance with the Proposal shall be up to ¥100 million per year for Directors (out of which, ¥7 million per year for outside Directors) and up to ¥20 million per year for Audit & Supervisory Board Members, with part (up to 20%) of cash remuneration to be transferred into shares within the above limits. Specific allocations to each Eligible Officer shall be resolved by the Board of Directors in the case of Directors and by the Audit & Supervisory Board in the case of Audit & Supervisory Board Members.

There are currently eight Directors (including two outside Directors) and four Audit & Supervisory Board Members. Subject to the approval and adoption of Proposal No. 2 as originally proposed, there will be nine Directors (including three outside Directors) and four Audit & Supervisory Board Members.

The Eligible Officers shall contribute all of their monetary remuneration claims arising from the Proposal as property in kind and receive issuance or disposal of the common shares of the Company, pursuant to the resolution of the Board of Directors of the Company. The total numbers of such common shares of the Company to be issued or disposed of shall be up to 80,000 shares per year for Directors (out of which, 5,600 shares per year for outside Directors), and up to 16,000 shares per year for Audit & Supervisory Board Members. (However, if the Company engages in a share split (including allotment of shares without contribution) or consolidation of the common shares of the Company or other events arise requiring adjustments to the total number of common shares of the Company to be issued or disposed of as restricted shares after the date of the approval and adoption of the Proposal, such total numbers shall be adjusted to a reasonable extent.) The payment amount per share shall be determined at the Board of Directors based on the closing price of the common shares of the Company on the Tokyo Stock Exchange on the business day immediately before the date of the resolution of the Board of Directors (in the event that no trades happen on such day, the closing price on the closest preceding trading day) to the extent that the amount shall not be particularly favorable to the Eligible Officers. For such issuance or disposal of the common shares of the Company, an agreement on allotment of shares with transfer restrictions (the “Allotment Agreement”), the terms and conditions of which are outlined below, shall be entered into between the Company and each Eligible Officer.

- (1) An Eligible Officer shall not transfer, create a security interest on, or otherwise dispose of the common shares of the Company (the “Transfer Restriction”) allotted under the Allotment Agreement (the “Allotted Shares”) for a period from the date of allotment received pursuant to the Allotment Agreement to the date of losing a position as Director or Audit & Supervisory Board Member of the Company, or other positions specified by the Company’s Board of Directors (the “Restriction Period”).
- (2) If an Eligible Officer loses a position prescribed in (1) above before a period separately stipulated by the Board of Directors of the Company (the “Service Provision Period”) expires, the Company shall automatically acquire such Allotted Shares without contribution, unless there is a reason that the Board of Directors of Company deems justifiable.
- (3) The Company shall lift the Transfer Restriction on all of the Allotted Shares upon expiration of the Restriction Period, on condition that the Eligible Officer has remained in the position of Director or Audit & Supervisory Board Member of the Company, or other positions specified by the Company’s Board of Directors throughout the Service Provision Period. However, if the Eligible Officer loses a position prescribed in (1) above before the expiration of the Service Provision Period due to a reason that the Board of Directors of the Company deems justifiable, which is designated in (2) above, the Company shall rationally adjust the number of the Allotted Shares on which the Transfer Restriction is to be lifted, and the timing of lifting as needed.
- (4) The Company shall automatically acquire without contribution the Allotted Shares on which the Transfer Restriction has not been lifted at the expiration of the Restriction Period in accordance with the provision in (3) above.

- (5) Notwithstanding the provision of (1) above, if, during the Restriction Period, matters relating to a merger agreement in which the Company is the disappearing company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the Company's General Meeting of Shareholders (or at a meeting of its Board of Directors in cases where approval at the Company's General Meeting of Shareholders is not required in relation to the reorganization, etc.), the Company shall lift the Transfer Restriction on the Allotted Shares with the number of shares that is reasonably determined considering the period from the start date of the Restriction Period to the date of approval of the reorganization, etc. prior to the date on which the reorganization, etc. becomes effective, by resolution of the Board of Directors of the Company.
- (6) In cases specified in (5) above, the Company shall automatically acquire without contribution the Allotted Shares on which the Transfer Restriction has not been lifted as of the time immediately after the Transfer Restriction was lifted as per the provision in (5) above.
- (7) The method for expressing intentions and giving notifications in the Allotment Agreement, the method for amending the Allotment Agreement, and other matters to be determined by the Board of Directors shall be laid out in the Allotment Agreement.

In consideration that the plan will be introduced within the remuneration limits already approved, the plan shall allow each Eligible Officer to receive the common shares of the Company as remuneration by contributing monetary remuneration claims paid, or receive monetary remuneration by exercising monetary remuneration claims paid as is.

The Company set out the basic policy regarding the details of individual remuneration for Directors at the Board of Directors held on February 22, 2021, and plans to modify the policy to be aligned with the Proposal subject to the approval of the Proposal. In addition, given that the payment amount for the restricted shares shall be determined such that it will not be particularly favorable and that the rate of dilution is minor as described above, we judge granting of the restricted shares is reasonable.