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(Securities Code: 7856)

January 6, 2020

To our shareholders:

Kazushi Asano  
Representative Director and President  
**Hagihara Industries Inc.**  
1-4, Nakadori, Mizushima, Kurashiki-shi, Okayama

## Notice of the 57th Annual General Meeting of Shareholders

You are cordially invited to attend the 57th Annual General Meeting of Shareholders of Hagihara Industries Inc. (the “Company”), which will be held as indicated below.

**If you are unable to attend the meeting, you can exercise your voting rights in writing. Please review the attached Reference Documents for the General Meeting of Shareholders and indicate your approval or disapproval for each of the proposals on the enclosed voting form, and return the form so as to be received no later than Wednesday, January 22, 2020, at 5:30 p.m. (JST).**

**1. Date and Time:** Thursday, January 23, 2020, at 10:00 a.m. (JST)

**2. Venue:** Ivy Emerald Hall, Kurashiki Ivy Square  
7-2, Honmachi, Kurashiki-shi, Okayama

Please be informed that the venue of the General Meeting of Shareholders is different from last year.

**3. Purpose of the meeting:**

**Matters to be reported**

1. The Business Report and the Consolidated Financial Statements for the 57th fiscal year (from November 1, 2018 to October 31, 2019), 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 57th fiscal year (from November 1, 2018 to October 31, 2019)

**Matters to be resolved**

**Proposal No. 1:** Appropriation of Surplus

**Proposal No. 2:** Election of One (1) Director

**Proposal No. 3:** Election of Three (3) Audit & Supervisory Board Members

- When you attend the meeting, you are kindly requested to present the enclosed voting form at the reception.
- If any changes are made to items in the Business Report, Consolidated Financial Statements, Non-consolidated Financial Statements or to the Reference Documents for the General Meeting of Shareholders, such changes will be posted on the Company's website (<https://www.hagihara.co.jp/>).
- Pursuant to the relevant laws and regulations and Article 15 of the Company's Articles of Incorporation, among documents to be attached to this notice of Annual General Meeting of Shareholders, “Notes to the Consolidated Financial Statements” and “Notes to the Non-consolidated Financial Statements” are posted on the Company's website (<https://www.hagihara.co.jp/>) and are not attached to this notice.

Consequently, Consolidated Financial Statements and Non-consolidated Financial Statements stated in the documents attached to this notice of Annual General Meeting of Shareholders consist of part of the Consolidated Financial Statements,

Non-consolidated Financial Statements and other documents that were audited by the Audit & Supervisory Board Members and the Financial Auditor in preparing their audit reports.

## Reference Documents for the General Meeting of Shareholders

### Proposals and references

#### Proposal No. 1: Appropriation of Surplus

The Company recognizes increasing the return of profit to its shareholders as a key management priority, and it maintains a basic policy of paying stable dividends while giving comprehensive consideration to matters including the Company's business performance trends and financial position. Accordingly, it proposes the payment of year-end dividends and other appropriation of surplus as follows:

#### 1. Year-end dividends

##### i) Type of dividend property

To be paid in cash.

##### ii) Allotment of dividend property and their aggregate amount

The Company proposes to pay a dividend of ¥18 per common share of the Company.

In this event, the total dividends will be ¥261,830,916.

##### iii) Effective date of dividends of surplus

The dividends will take effect on January 24, 2020.

#### 2. Other appropriation of surplus

##### i) Item of surplus to be increased and amount of increase

General reserve: ¥300,000,000

##### ii) Item of surplus to be decreased and amount of decrease

Retained earnings brought forward: ¥300,000,000

**Proposal No. 2:** Election of One (1) Director

Director Toshikazu Tanaka will resign at the conclusion of this meeting. Therefore, the Company proposes the election of one (1) Director as his substitute.

As provided for in the Company's Articles of Incorporation, the term of office of the elected Director as a substitute of the resigned Director will be until the time when the terms of office of the other currently serving Directors are to expire.

The candidate for Director is as follows:

Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned	
Tatsuhiko Iiyama (January 20, 1964)	Mar. 1982	Joined the Company	200
	Nov. 2007	Manager of Marketing Department of Engineering Division	
	Nov. 2009	General Manager of Marketing Section of Marketing Development Department of Engineering Division	
	Jan. 2010	Corporate Officer, General Manager of Marketing Section of Marketing Development Department of Engineering Business Headquarters	
	Nov. 2013	Corporate Officer, General Manager of Domestic Marketing Section of Engineering Business Headquarters	
	Nov. 2015	Corporate Officer, General Manager of Technical Section of Engineering Business Headquarters	
	Nov. 2018	Corporate Officer, General Manager of Production Control Department of Engineering Business Division	
	Nov. 2019	Executive Officer, Division Manager of Engineering Business Division (present)	
Reason for nomination as a candidate for Director Tatsuhiko Iiyama is expected to contribute to the improvement of the Company's corporate value because he has been involved in the engineering business (division) for many years, is currently demonstrating leadership in the operation of said business as an Executive Officer, and has considerable knowledge. Accordingly, the Company nominates him as a candidate for Director.			

Note: There is no special interest between the candidate and the Company.

**Proposal No. 3: Election of Three (3) Audit & Supervisory Board Members**

The terms of office of all three (3) Audit & Supervisory Board Members will expire at the conclusion of this meeting. Therefore, the Company proposes to elect three (3) Audit & Supervisory Board Members.

In addition, the consent of the Audit & Supervisory Board has been obtained for this proposal.

The candidates for Audit & Supervisory Board Member are as follows:

Candidate No.	Name (Date of birth)	Career summary and position in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Toshifumi Kanemitsu (December 25, 1961)	May 1982    Joined the Company Nov. 2009    General Manager of Technical Section of Manufacturing Department of Engineering Division Nov. 2013    General Manager of Technical Section of Engineering Business Headquarters Nov. 2015    General Manager of Procurement Section of Engineering Business Headquarters Nov. 2016    General Manager of Procurement Section of Engineering Business Division Nov. 2017    Senior Staff of Office of Internal Audit Jan. 2018    Audit & Supervisory Board Member (present)	13,600
Reason for nomination as a candidate for Audit & Supervisory Board Member Toshifumi Kanemitsu has knowledge in a broad range of fields from having served in management in multiple departments in the engineering business (division). Accordingly, believing him capable of appropriately carrying out audit and supervisory duties based on this insight, the Company nominates him as a candidate for Audit & Supervisory Board Member.			
2	Tatsuhiko Ishii (March 9, 1952)	Apr. 1980    Registered as an attorney at law (Okayama Bar Association) (present) Nov. 2005    Outside Audit & Supervisory Board Member of Saint Marc Holdings Co., Ltd. (present) Jan. 2012    Audit & Supervisory Board Member of the Company (present)	—
Reason for nomination as a candidate for Outside Audit & Supervisory Board Member Tatsuhiko Ishii is an attorney-at-law and the Company deems him capable of further strengthening the compliance supervising functions based on his abundant legal experience. Accordingly, the Company requests his election as an Outside Audit & Supervisory Board Member.			
3	Koji Miyake (April 18, 1957)	May 1987    Registered as a certified public tax accountant (Kurashiki Branch, Chugoku Certified Public Tax Accountants' Association) (present) Nov. 1991    Director of Koji Miyake Certified Tax Accountant Office Aug. 2014    Representative Partner of Miyake Tax Accountancy Corporation (present) Jan. 2016    Audit & Supervisory Board Member of the Company (present)	2,000
Reason for nomination as a candidate for Outside Audit & Supervisory Board Member Koji Miyake is a tax accountant and has abundant expertise and experience related to finance and accounting. The Company deems him capable of supervising the Company's management based on his insight and accordingly requests his election as an Outside Audit & Supervisory Board Member.			

- Notes:
1. There is no special interest between any of the candidates and the Company.
  2. Tatsuhiko Ishii and Koji Miyake are candidates for Outside Audit & Supervisory Board Member.
  3. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into agreements with Tatsuhiko Ishii and Koji Miyake to limit their liability for damages under Article 423, paragraph (1) of the same act to the minimum liability amount provided for by Article 425, paragraph (1) of the act. If their reelection is approved, the Company plans to renew the aforementioned agreements with them.

4. The Company has submitted notification to Tokyo Stock Exchange, Inc. that Tatsuhiko Ishii and Koji Miyake have been appointed as independent officers as provided for by the said exchange. If their reelection is approved, the Company plans for their appointment as independent officers to continue.