

## IMPORTANT NOTICE

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Securities Code: 5018

May 8, 2020

To All Stockholders:

**MORESCO Corporation**  
Tamio Akada  
CEO, Representative Director and Chairman  
5-5-3 Minatojima Minamimachi, Chuo-ku, Kobe, Hyogo

## Notice of the 62nd Ordinary General Meeting of Stockholders

On behalf of the Board, I would like to thank you, our stockholders, for your continued support.

MORESCO Corporation (hereinafter, the “Company” or “MORESCO”) cordially notifies that the 62nd Ordinary General Meeting of Stockholders will be held on the date and at the venue specified below.

In view of the recent coronavirus (COVID-19) situation, we request that you consider exercising your voting rights in writing as far as possible.

If you exercise your voting rights in writing, please refer to the attached Reference Materials for the General Meeting of Shareholders and indicate your approval or disapproval of the matters to be resolved on the Voting Rights Exercise Form enclosed herewith, and return it so that it reaches us by 5:35 p.m. on Monday, May 25, 2020.

For specific measures to be taken on the day of the General Meeting, please read the “Measures for the Prevention of the COVID-19 New Coronavirus Infection” on the next page.

1. Date and Time: 10:00 a.m., Tuesday, May 26, 2020  
(Reception will open at 9:00 a.m.)
2. Venue: Kairaku Hall (B1F, Main Building), Kobe Portopia Hotel  
6-10-1 Minatojima Nakamachi, Chuo-ku, Kobe  
(Please see the venue map provided herewith.)
3. Agenda:
  - Matters to be Reported
    - Item 1.** Business Report on the 62nd fiscal year from March 1, 2019 to February 29, 2020, the Consolidated Financial Statements, and results of audit by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
    - Item 2.** Non-consolidated Financial Statements for the 62nd fiscal year from March 1, 2019 to February 29, 2020
  - Matters to be Resolved
    - Agendum 1:** Disposal of Retained Earnings
    - Agendum 2:** Partial Amendment of the Articles of Incorporation
    - Agendum 3:** Election of Six Directors (Except Directors Who Are Audit and Supervisory Committee Members)
    - Agendum 4:** Election of Four Directors Who Are Audit and Supervisory Committee Members
    - Agendum 5:** Setting the Amount of Remuneration for Directors (Except Directors Who Are Audit and Supervisory Committee Members)
    - Agendum 6:** Setting the Amount of Remuneration for Directors Who Are Audit and Supervisory Committee Members
    - Agendum 7:** Determination of Remuneration for Directors (Except Directors Who Are Audit and Supervisory Committee Members and External Directors) for Granting of Shares with Restrictions on Transfer

## <Measures for the Prevention of the COVID-19 New Coronavirus Infection>

In holding the 62nd Ordinary General Meeting of Stockholders, we place the highest priority on the health and safety of our stockholders. Our measures for the prevention of the COVID-19 new coronavirus infection are as described below. These measures are based on the state of emergency declared by the Japanese Government on April 7, 2020 and the Q&A on Approaches to Conducting Shareholder Meetings Compiled as Measure for Addressing the Spread of the Novel Coronavirus Disease released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on April 2, 2020, as well as the infection situation as of when this notice of convocation is prepared.

We sincerely ask for your understanding and cooperation.

- **Attendance at the General Meeting of Stockholders**

We request that you refrain from attending the General Meeting as far as possible.

If you attend the meeting, please check the situation of the spread of the disease as of the date of the meeting and confirm that you are in good health without a fever before leaving home for the meeting. Please do not hesitate to cancel your attendance.

If you refrain from attending the meeting, please exercise your voting rights in advance using the enclosed Voting Rights Exercise Form.

- **At the venue of the General Meeting of Stockholders**

Stockholders attending the meeting are requested to wear a mask when entering the venue. We plan to spray alcohol-based disinfectant on your hands and check your temperature by thermography, etc. at the entrance of the venue. Please understand that you may be asked to refrain from entering the venue if you are found to have a temperature above 37.5°C.

Please also note that all of our officers and staff members will be wearing masks during the meeting.

- **Seating at the venue of the General Meeting of Stockholders**

Seats will be placed with more distance maintained between seats than usual.

- **Proceedings of the General Meeting of Stockholders**

The proceedings of the General Meeting this year will be held in an expedited manner so that the meeting will be concluded within a shorter period of time than usual.

- **Cancellation of the get-together party for stockholders**

We have decided to cancel the get-together party between our officers and stockholders, which is usually held after the General Meeting of Stockholders, for the purpose of preventing infection.

We sincerely apologize to our stockholders who have looked forward to this event. We appreciate your understanding.

\* Any major changes to the General Meeting of Stockholders that may arise due to future circumstances will be posted on our corporate website (<http://www.moresco.co.jp/>).

So please check for the information via the internet.

### <Other notes>

- Small gifts are no longer presented to attendees of the General Meeting of Stockholders. We appreciate your understanding.
- When attending the meeting, please submit the enclosed Voting Rights Exercise Form to the reception at the meeting venue. Please also bring this notice of convocation with you for the sake of resource saving.
- Among the documents required to be attached to this notice of convocation, items that should be presented as the “Notes to Consolidated Financial Statements” and the “Notes to Non-consolidated Financial Statements” have not been included in the attached documents as they have been posted on the MORESCO’s website (<http://www.moresco.co.jp/>) pursuant to laws and regulations as well as the provisions of Article 13 of MORESCO’s Articles of Incorporation.  
These items that should be presented as the “Notes to Consolidated Financial Statements” and the “Notes to Non-consolidated Financial Statements” as well as the documents attached hereto have been included in the Consolidated Financial Statements and Non-consolidated Financial Statements that had been audited by the Audit & Supervisory Board Members and the Accounting Auditors in order to prepare the Audit Report and the Accounting Audit Report, respectively.
- Please be aware that if it becomes necessary to revise information contained in the Business Report, Consolidated Financial Statements, Non-consolidated Financial Statements, or Reference Materials for the General Meeting of Stockholders, the revised information will be posted on the aforementioned MORESCO’s website.
- If a proxy attends the General Meeting of Stockholders, the proxy shall be a MORESCO’s stockholder who has a voting right pursuant to the provisions of Article 17 of MORESCO’s Articles of Incorporation. In such a case, a document to legitimize the proxy must be submitted to MORESCO.
- Starting from this year, notification of resolutions will be posted on the abovementioned website in place of the written notification, from the viewpoint of saving resources to help protect the global environment. We appreciate your understanding.

Appendix
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## Reference Materials for the General Meeting of Shareholders

### Agendum 1. Disposal of Retained Earnings

With regard to the appropriation of surplus, it is the Company's basic policy to return profits to its stockholders in light of business performance, etc. while securing retained earnings required for the future business expansion and the enhancement of management structure.

Based on this policy, the Company plans to pay out 25 yen per share as a year-end dividend for the current fiscal year under review and to dispose of other retained earnings as described below.

#### 1. Year-end dividends

##### (1) Type of dividend property

Cash

##### (2) Matters concerning appropriation of dividend property and total amount thereof

25 yen per share of the Company's common stock

Total amount of dividends: 239,963,550 yen

Since 25 yen per share of the Company's common stock was paid as an interim dividend in November 2019, the annual dividend will be 50 yen per share.

##### (3) Date on which distribution of retained earnings takes effect

May 27, 2020

#### 2. Matters concerning disposal of other retained earnings

##### (1) Retained earnings item to be decreased and its amount

Retained earnings brought forward: 300,000,000 yen

##### (2) Retained earnings item to be increased and its amount

General reserve: 300,000,000 yen

## **Agendum 2. Partial Amendment of the Articles of Incorporation**

### **1. Reason for proposal**

#### **(1) Amendment in line with the transition to a company with an Audit and Supervisory Committee**

The Company will become a company with an Audit and Supervisory Committee for the following purposes:

- To have the Audit and Supervisory Committee, a majority of which is composed of external directors, audit and supervise the legality and adequacy of business execution and realize highly transparent management operations by using non-statutory nominating/compensation committees, thereby establishing a structure capable of properly satisfying expectations of stakeholders both inside and outside Japan
- By delegating the decision-making authority in business execution to Directors in order to facilitate swift and resolute decision making, to expedite management decision making and execution under proper supervision of the Board of Directors, and to establish a system that enables the Board of Directors to concentrate on discussions of corporate strategies, etc.

In line with this transition, it is proposed:

- (i) to give necessary amendments, including adding new provisions pertaining to the Audit and Supervisory Committee Members and the Audit and Supervisory Committee and deleting provisions pertaining to the Audit & Supervisory Board Members and the Audit & Supervisory Board;
- (ii) to add provisions to the effect that all or some of the decisions on important business execution may be delegated to Directors by resolution of the Board of Directors as draft Article 29 (Delegation of Decisions on Important Business Execution to Directors), with the aim of further promoting separation of the roles of business execution and supervision, thereby expediting decision making of management; and
- (iii) to establish draft Article 44 (Organization to Decide on Distribution, etc. of Retained Earnings) and Article 45 (Record Date for Distribution of Retained Earnings), and add necessary amendments to existing provisions, including deleting Article 7 (Acquisition of Own Shares), Article 47 (Year-end Dividend and Record Date) and Article 48 (Interim Dividend and Record Date).

#### **(2) Amendments other than those described in (1) above**

To facilitate Directors to fulfill their expected roles, with regard to Article 31 (Contracts for Limitation of Liability of External Directors) of the current Articles of Incorporation, it is proposed to establish a provision to the effect that liability may be exempted by resolution of the Board of Directors within the range specified by laws and regulations, and add an amendment to enable conclusion of contracts for limitation of liability pursuant to Article 427, Paragraph 1 of the Companies Act with directors who are not engaged in business execution. These amendments have been approved by the Audit & Supervisory Board Members in advance.

#### **(3) Other**

In line with the amendments described in (1) and (2) above, additional amendments necessary to organize article numbers and clarify the meanings of provisions will be provided.

These amendments to the Articles of Incorporation proposed in this agendum shall take effect upon the conclusion of this General Meeting of Stockholders.

## 2. Details of amendment

(The parts to be amended are underlined below.)

Current Articles of Incorporation	Amendment draft
<p>Chapter 2: Shares (Acquisition of Own Shares) Article <u>7</u> The Company may, pursuant to the provision of Paragraph 2, Article 165 of the Companies Act, acquire its own shares through market transactions, etc., by resolution of the Board of Directors.</p> <p>Articles <u>8</u> through <u>9</u> (Text omitted)</p> <p>Chapter 3: General Meeting of Stockholders Articles <u>10</u> through <u>11</u> (Text omitted)</p> <p>(Convener) Article <u>12</u> (Text omitted) (2) In cases where there is more than one Representative Director or where the Representative Director is unable to convene a General Meeting of Stockholders, <u>another</u> director shall take his/her place in the order previously determined by the Board of Directors.</p> <p>Articles <u>13</u> through <u>14</u> (Text omitted)</p> <p>(Chairperson) Article <u>15</u> (Text omitted) (2) In cases where there is more than one Representative Director or where the Representative Director is unable to act as chairperson thereof, <u>another</u> director shall take his/her place in the order previously determined by the Board of Directors.</p> <p>(Method of Resolution) Article <u>16</u> A resolution of General Meeting of Stockholders shall be made, unless otherwise provided for in laws and regulations or these Articles of Incorporation, by a majority of votes of the attending stockholders.</p> <p>(2) The resolution stipulated in Paragraph 2, Article 309 of the Companies Act shall be made by at least two-thirds of the votes of the stockholders attending the meeting, where stockholders who are attending hold at least one-third of the voting rights of all those entitled to exercise their voting rights.</p> <p>Articles <u>17</u> through <u>18</u> (Text omitted)</p>	<p>Chapter 2: Shares (Delete)</p> <p>Articles <u>7</u> through <u>8</u> (Same as the current provisions)</p> <p>Chapter 3: General Meeting of Stockholders Articles <u>9</u> through <u>10</u> (Same as the current provisions)</p> <p>(Convener) Article <u>11</u> (Same as the current provisions) (2) In cases where there is more than one Representative Director or where the Representative Director is unable to convene a General Meeting of Stockholders, <u>a</u> director shall take his/her place in the order previously determined by the Board of Directors.</p> <p>Articles <u>12</u> through <u>13</u> (Same as the current provisions)</p> <p>(Chairperson) Article <u>14</u> (Same as the current provisions) (2) In cases where there is more than one Representative Director or where the Representative Director is unable to act as chairperson thereof, a director shall take his/her place in the order previously determined by the Board of Directors.</p> <p>(Method of Resolution) Article <u>15</u> A resolution of General Meeting of Stockholders shall be made, unless otherwise provided for in laws and regulations or these Articles of Incorporation, by a majority of votes of the attending stockholders <u>who are entitled to exercise their voting rights.</u></p> <p>(2) The resolution stipulated in <u>the provision of</u> Paragraph 2, Article 309 of the Companies Act shall be made, <u>unless otherwise provided for in these Articles of Incorporation,</u> by at least two-thirds of the votes of the stockholders attending the meeting, where stockholders who are attending hold at least one-third of the voting rights of all those entitled to exercise their voting rights.</p> <p>Articles <u>16</u> through <u>17</u> (Same as the current provisions)</p>

Current Articles of Incorporation	Amendment draft
Chapter 4: Directors and Board of Directors	Chapter 4: Directors and Board of Directors
Article 19 (Text omitted) (Number of Directors)	Article 18 (Same as the current provisions) (Number of Directors)
Article 20 The number of Directors of the Company shall be not more than 10.	Article 19 The number of Directors <u>(except those who are Audit and Supervisory Committee Members)</u> of the Company shall be not more than eight.
(New)	(2) <u>The number of Directors who are Audit and Supervisory Committee Members (hereinafter referred to as “Audit and Supervisory Committee Members”)</u> of the Company shall be not more than five.
(Method for Election of Directors)	(Method for Election of Directors)
Article 21 Directors shall be elected at the General Meeting of Stockholders.	Article 20 Directors shall be elected by a resolution at the General Meeting of Stockholders, <u>where Audit and Supervisory Committee Members shall be differentiated from other Directors.</u>
(2) through (3) (Text omitted)	(2) through (3) (Same as the current provisions)
(Term of Office of Directors)	(Term of Office of Directors)
Article 22 The term of office of Directors shall expire at the conclusion of the General Meeting of Shareholders with regard to the final business year ending within two years after election.	Article 21 The term of office of Directors shall expire at the conclusion of the General Meeting of Shareholders with regard to the final business year ending within <u>one</u> year after election.
(New)	(2) <u>Notwithstanding the provision of the preceding paragraph, the term of office of Audit and Supervisory Committee Members shall expire at the conclusion of the General Meeting of Shareholders with regard to the final business year ending within two years after election.</u>
(New)	(3) <u>The term of office of an Audit and Supervisory Committee Member who has been elected as a substitute shall expire when the term of office of the resigned Audit and Supervisory Committee Member expires.</u>
(New)	(4) <u>A resolution on the election of a substitute Audit and Supervisory Committee Member who has been elected pursuant to the provision of Paragraph 3, Article 329 of the Companies Act shall be effective until the commencement of the General Meeting of Shareholders with regard to the final business year ending within two years after election, unless it is shortened by the said resolution.</u>
(Representative Director)	(Representative Director)
Article 23 The Board of Directors shall elect the Representative Director by its resolution.	Article 22 The Board of Directors shall elect <u>from Directors (except those who are Audit and Supervisory Committee Members)</u> the Representative Director by its resolution.
(New)	(2) <u>The Representative Director represents the Company and executes the business of the Company.</u>

Current Articles of Incorporation	Amendment draft
<p>(Directors with Officer Positions)</p> <p>Article <u>24</u> The Board of Directors may, by its resolution, elect from Directors a Representative Director, Chairman and a Representative Director, President.</p> <p>(2) <u>The Board of Directors may, by its resolution, appoint a Director &amp; Senior Advisor.</u></p> <p>(Remuneration, etc. for Directors)</p> <p>Article <u>25</u> Remuneration, bonuses and other property benefits that Directors receive from the Company in compensation for their execution of duties (hereinafter referred to as “Remuneration, etc.”) shall be determined by a resolution of the General Meeting of Stockholders.</p> <p>(Convener and Chairperson of the Board of Directors’ Meeting)</p> <p>Article <u>26</u> (Text omitted)</p> <p>(2) In cases where there is more than one Representative Director or where the Representative Director is unable to act as chairperson thereof, <u>another</u> director shall take his/her place in the order previously determined by the Board of Directors.</p> <p>(Notice of the Board of Directors’ Meeting)</p> <p>Article <u>27</u> Notice of the Board of Directors’ meeting shall be issued to each Director <u>and each Audit &amp; Supervisory Board Member</u> at least three days prior to the date of the meeting; provided, however, that this period may be shortened in an emergency.</p> <p>(Method of Resolution at the Board of Directors’ Meeting)</p> <p>Article <u>28</u> A resolution at the Board of Directors’ meeting shall be made by a majority of the Directors present at the meeting where a majority of Directors are attending.</p> <p>(Omission of Resolution at the Board of Directors’ Meeting)</p> <p>Article <u>29</u> Where all Directors have agreed in writing or with an electromagnetic record on matters for a resolution of a Board of Directors’ meeting, the Company shall deem that the matters for the resolution have been approved by the resolution at the Board of Directors’ meeting; <u>provided, however, that this shall not apply in cases where the Audit &amp; Supervisory Board expresses an objection.</u></p>	<p>(Directors with Officer Positions)</p> <p>Article <u>23</u> The Board of Directors may, by its resolution, elect from Directors <u>(except those who are Audit and Supervisory Committee Members)</u> a Representative Director, Chairman and a Representative Director, President.</p> <p>(Delete)</p> <p>(Remuneration, etc. for Directors)</p> <p>Article <u>24</u> Remuneration, bonuses and other property benefits that Directors receive from the Company in compensation for their execution of duties (hereinafter referred to as “Remuneration, etc.”) shall be determined by a resolution of the General Meeting of Stockholders, <u>where Audit and Supervisory Committee Members shall be differentiated from other Directors.</u></p> <p>(Convener and Chairperson of the Board of Directors’ Meeting)</p> <p>Articles <u>25</u> (Same as the current provisions)</p> <p>(2) In cases where there is more than one Representative Director or where the Representative Director is unable to act as chairperson thereof, <u>a</u> director shall take his/her place in the order previously determined by the Board of Directors.</p> <p>(Notice of the Board of Directors’ Meeting)</p> <p>Article <u>26</u> Notice of the Board of Directors’ meeting shall be issued to each Director at least three days prior to the date of the meeting; provided, however, that this period may be shortened in an emergency.</p> <p>(Method of Resolution at the Board of Directors’ Meeting)</p> <p>Article <u>27</u> A resolution at the Board of Directors’ meeting shall be made by a majority of the Directors present at the meeting where a majority of Directors <u>who are entitled to vote</u> are attending, <u>unless otherwise stipulated by laws and regulations.</u></p> <p>(Omission of Resolution at the Board of Directors’ Meeting)</p> <p>Article <u>28</u> Where all Directors have agreed in writing or with an electromagnetic record on matters for a resolution of a Board of Directors’ meeting, the Company shall deem that the matters for the resolution have been approved by the resolution at the Board of Directors’ meeting.</p>



Current Articles of Incorporation	Amendment draft
<p>(New)</p> <p>(Minutes of the Board of Directors' Meeting) Article 30 The decision-making processes and the results thereof and other matters specified by laws and regulations at the Board of Directors' meeting shall be written or recorded in the minutes, which shall be signed and sealed, or electronically signed by the chairperson, <u>as well as the Directors and the Audit &amp; Supervisory Board Members</u> who have attended the meeting.</p> <p>(New)</p> <p>(Contracts for Limitation of Liability of <u>External</u> Directors) Article <u>31</u> (New)</p> <p>The Company may, pursuant to the provision of Paragraph 1, Article 427 of the Companies Act, enter into a contract with <u>External</u> Directors which limits the liability for their failure to perform their duties to the total amount stipulated by laws and regulations.</p>	<p><u>(Delegation of Decisions on Important Business Execution to Directors)</u> Article 29 The Board of Directors may, pursuant to the provision of Paragraph 6, Article 399-13 of the Companies Act, <u>delegate all or some of its decisions on important business execution (except matters listed in items of Paragraph 5 of the same Article) to Directors by its resolution.</u></p> <p>(Minutes of the Board of Directors' Meeting) Article 30 The decision-making processes and the results thereof and other matters specified by laws and regulations at the Board of Directors' meeting shall be written or recorded in the minutes, which shall be signed and sealed, or electronically signed by the chairperson <u>and</u> the Directors who have attended the meeting.</p> <p><u>(Regulations of Board of Directors)</u> Article 31 <u>Besides those stipulated in laws and regulations or these Articles of Incorporation, matters related to the Board of Directors shall be in accordance with the regulations of the Board of Directors established by the Board of Directors.</u></p> <p><u>(Exemption of Liability and Contracts for Limitation of Liability of Directors)</u> Article <u>32</u> <u>The Company may, pursuant to the provision of Paragraph 1, Article 426 of the Companies Act, by a resolution of the Board of Directors, exempt Directors (including those who were Directors) from liability for damages provided for in Paragraph 1, Article 423 of the Companies Act when statutory requirements are satisfied, to the extent of the amount obtained by deducting the statutory minimum amount of liability from the amount of liability for damages.</u></p> <p><u>(2)</u> The Company may, pursuant to the provision of Paragraph 1, Article 427 of the Companies Act, enter into a contract with Directors <u>(except those who are Executive Directors)</u> which limits the liability for their failure to perform their duties to the total amount stipulated by laws and regulations.</p>

Current Articles of Incorporation	Amendment draft
Chapter 5: <u>Audit &amp; Supervisory Board Members and the Audit &amp; Supervisory Board</u>	Chapter 5: <u>Audit and Supervisory Committee</u>
(Establishment of <u>Audit &amp; Supervisory Board Members and the Audit &amp; Supervisory Board</u> )	(Establishment of <u>Audit and Supervisory Committee</u> )
Article 32 The Company shall have <u>Audit &amp; Supervisory Board Members and an Audit &amp; Supervisory Board.</u>	Article 33 The Company shall have an <u>Audit and Supervisory Committee.</u>
( <u>Number of Audit &amp; Supervisory Board Members</u> )	(Delete)
Article 33 The number of <u>Audit &amp; Supervisory Board Members of the Company shall be not more than four.</u>	
( <u>Method for Election of Audit &amp; Supervisory Board Members</u> )	
Article 34 <u>Audit &amp; Supervisory Board Members shall be elected at the General Meeting of Stockholders.</u>	(Delete)
(2) <u>A resolution for election of Audit &amp; Supervisory Board Members shall be made by a majority of the votes of the stockholders attending the meeting, where stockholders who are attending hold at least one-third of the voting rights of all those entitled to exercise their voting rights.</u>	
( <u>Term of Office of Audit &amp; Supervisory Board Members</u> )	
Article 35 The term of office of <u>Audit &amp; Supervisory Board Members shall expire at the conclusion of the General Meeting of Shareholders with regard to the final business year ending within four years after election.</u>	(Delete)
(2) <u>The term of office of an Audit &amp; Supervisory Board Member who has been elected as a substitute shall expire when the term of office of the resigned Audit &amp; Supervisory Board Member expires.</u>	
( <u>Full-time Audit &amp; Supervisory Board Members</u> )	( <u>Full-time Audit and Supervisory Committee Members</u> )
Article 36 <u>The Audit &amp; Supervisory Board shall elect full-time Audit &amp; Supervisory Board Members from among the Audit &amp; Supervisory Board Members.</u>	Article 34 <u>The Audit and Supervisory Committee may elect by its resolution full-time Audit and Supervisory Committee Members from among the Audit and Supervisory Committee Members.</u>
( <u>Remuneration, etc. for Audit &amp; Supervisory Board Members</u> )	
Article 37 <u>Remuneration, etc. for Audit &amp; Supervisory Board Members shall be determined by a resolution of the General Meeting of Stockholders.</u>	(Delete)

Current Articles of Incorporation	Amendment draft
<p>(Notice of the <u>Audit &amp; Supervisory Board Meeting</u>)</p> <p>Article 38 Notice of the <u>Audit &amp; Supervisory Board Meeting</u> shall be issued to each <u>Audit &amp; Supervisory Board Member</u> at least three days prior to the date of the meeting; provided, however, that this period may be shortened in an emergency.</p> <p>(Method of Resolution at the <u>Audit &amp; Supervisory Board Meeting</u>)</p> <p>Article 39 A resolution of the <u>Audit &amp; Supervisory Board Meeting</u> shall be made, unless otherwise provided for in laws and regulations, by a majority of <u>Audit &amp; Supervisory Board Members</u>.</p> <p>(Minutes of the <u>Audit &amp; Supervisory Board Meeting</u>)</p> <p>Article 40 The decision-making processes and the results thereof and other matters specified by laws and regulations at the <u>Audit &amp; Supervisory Board Meeting</u> shall be written or recorded in the minutes, which shall be signed and sealed, or electronically signed by the <u>Audit &amp; Supervisory Board Members</u> who have attended the meeting.</p> <p style="text-align: center;">(New)</p> <p>(Contracts for Limitation of Liability of External Auditors)</p> <p>Article 41 The Company may, pursuant to the provision of Paragraph 1, Article 427 of the <u>Companies Act, enter into a contract with External Auditors which limits the liability for their failure to perform their duties to the total amount stipulated by laws and regulations.</u></p> <p style="text-align: center;">Chapter 6: Accounting Auditors</p> <p>Articles 42 through 44 (Text omitted)</p> <p>(Remuneration, etc. for Accounting Auditors)</p> <p>Article 45 Remuneration, etc. for Accounting Auditors shall be determined by the Representative Director with consent of the <u>Audit &amp; Supervisory Board</u>.</p>	<p>(Notice of the <u>Audit and Supervisory Committee Meeting</u>)</p> <p>Article 35 Notice of the <u>Audit and Supervisory Committee Meeting</u> shall be issued to each <u>Audit and Supervisory Committee Member</u> at least three days prior to the date of the meeting; provided, however, that this period may be shortened in an emergency.</p> <p>(Method of Resolution at the <u>Audit and Supervisory Committee Meeting</u>)</p> <p>Article 36 A resolution at the <u>Audit and Supervisory Committee Meeting</u> shall be made by a majority of the <u>Audit and Supervisory Committee Members present at the meeting, where a majority of Audit and Supervisory Committee Members who are entitled to vote are attending</u>, unless otherwise provided for in laws and regulations.</p> <p>(Minutes of the <u>Audit and Supervisory Committee Meeting</u>)</p> <p>Article 37 The decision-making processes and the results thereof and other matters specified by laws and regulations at the <u>Audit and Supervisory Committee Meeting</u> shall be written or recorded in the minutes, which shall be signed and sealed, or electronically signed by the <u>Audit and Supervisory Committee Members</u> who have attended the meeting.</p> <p>(Regulations of Audit and Supervisory Committee)</p> <p>Article 38 Besides those stipulated in laws and <u>regulations or these Articles of Incorporation, matters related to the Audit and Supervisory Committee shall be in accordance with the regulations of the Audit and Supervisory Committee established by the Audit and Supervisory Committee.</u></p> <p style="text-align: center;">(Delete)</p> <p style="text-align: center;">Chapter 6: Accounting Auditors</p> <p>Articles 39 through 41 (Same as the current provisions)</p> <p>(Remuneration, etc. for Accounting Auditors)</p> <p>Article 42 Remuneration, etc. for Accounting Auditors shall be determined by the Representative Director with consent of the <u>Audit and Supervisory Committee</u>.</p>

Current Articles of Incorporation	Amendment draft
Chapter 7: Calculation	Chapter 7: Calculation
Articles <u>46</u> (Text omitted)	Articles <u>43</u> (Same as the current provisions)
	<u>(Organization to Decide on Distribution, etc. of Retained Earnings)</u>
(New)	<u>Article 44 The Company may, unless otherwise provided for in laws and regulations, decide on matters specified in items of Paragraph 1, Article 459 of the Companies Act without a resolution of the General Meeting of Stockholders but by a resolution of the Board of Directors.</u>
	<u>(Record Date for Distribution of Retained Earnings)</u>
(New)	<u>Article 45 The record date for year-end dividends of the Company shall be the last day of February each year.</u>
	<u>(2) The record date for interim dividends of the Company shall be August 31 each year.</u>
	<u>(3) Besides the dates specified in the preceding two paragraphs, the Company may designate any other date to distribute retained earnings.</u>
<u>(Year-end Dividend and Record Date)</u>	
<u>Article 47 The Company shall, by a resolution of the General Meeting of Shareholders, distribute year-end dividend retained earnings to its stockholders and registered pledgees of shares with the last day of February each year as the record date.</u>	(Delete)
<u>(Interim Dividend and Record Date)</u>	
<u>Article 48 The Company shall, by a resolution of the Board of Directors, distribute interim dividend retained earnings to its stockholders and registered pledgees of shares with August 31 each year as the record date.</u>	(Delete)
Article <u>49</u> (Text omitted)	Article <u>46</u> (Same as the current provisions)

**Agendum 3. Election of Six Directors (Except Directors Who Are Audit and Supervisory Committee Members)**

The Company will become a company with an Audit and Supervisory Committee, subject to approval and adoption of Agendum 2 “Partial Amendment of the Articles of Incorporation.” The term of office of all Directors (seven) of the Company will expire at the conclusion of this General Meeting of Stockholders. It is therefore proposed that six Directors (except Directors who are Audit and Supervisory Committee Members) should be elected.

This agendum shall take effect when the amendments to the Articles of Incorporation proposed in Agendum 2 “Partial Amendment of the Articles of Incorporation” take effect.

The candidates for Directors (except Directors who are Audit and Supervisory Committee Members) are as described below.

No.	Name (Date of birth)	Personal history, position and duty at the Company, and significant concurrent positions outside the Company		Number of the Company's shares held
1	Tamio Akada (January 4, 1947)	March 1969	Joined MORESCO Corporation.	68,300
		September 1990	General Manager of Research Department, MORESCO Corporation	
		May 1995	Director, General Manager of Research Department, MORESCO Corporation	
		May 1998	Managing Director, General Manager of Research Department, MORESCO Corporation	
		February 2002	Managing Director in charge of R&D and production, General Manager of Research Department, MORESCO Corporation	
		March 2003	Managing Director in charge of R&D and production, Corporate R&D Supervising Manager, General Manager of Corporate R&D Department, MORESCO Corporation	
		February 2004	Managing Director in charge of R&D and production, MORESCO Corporation	
		April 2006	Managing Director in charge of R&D and production, General Manager of Corporate R&D Department, MORESCO Corporation	
		May 2006	Managing Director in charge of R&D and production, Executive Officer, General Manager of Corporate R&D Department, MORESCO Corporation	
		March 2007	Managing Director in charge of R&D and production, MORESCO Corporation	
		May 2010	President and Representative Director of MORESCO Corporation	
		May 2014	President and Representative Director, Executive Officer of MORESCO Corporation	
		March 2015	President and Representative Director, Executive Officer, Division Manager of Corporate R&D, MORESCO Corporation	
		May 2018	CEO, Representative Director and Chairman of MORESCO Corporation (current position)	
		[Reasons for nomination as Director] Since assuming the position as President and Representative Director of MORESCO Corporation in May 2010, Tamio Akada has contributed to the rapid expansion of the Company's businesses by leveraging experience and knowledge that he had gained in the R&D field over many years and demonstrating his superior management skills and strong leadership. He has also pushed forward with global business expansion for MORESCO Corporation and the MORESCO Group and taken on challenges in new fields which are expected to grow in the future. He was appointed CEO (chief executive officer), Representative Director and Chairman in May 2018, and has led overall management of the Company's businesses. He has been nominated as a candidate for director of MORESCO Corporation, as we conclude that he would be able to continue to contribute to sustainably increasing the corporate value of MORESCO Corporation and the MORESCO Group as a director at a company with an Audit and Supervisory Committee.		

No.	Name (Date of birth)	Personal history, position and duty at the Company, and significant concurrent positions outside the Company		Number of the Company's shares held
2	Motohisa Morozumi (April 23, 1962)	April 1987	Joined HBF Japan (currently, Sekisui Fuller Company, Ltd.)	15,900
		March 1999	Joined MORESCO Corporation Section Manager of Tokyo Sales, Sales Department III, MORESCO Corporation	
		March 2007	General Manager of Sales Department, Hot Melt Adhesive, MORESCO Corporation	
		May 2008	Executive Officer General Manager of Sales Department, Hot Melt Adhesive, MORESCO Corporation	
		March 2011	Executive Officer Division Manager of Hot Melt Adhesive and General Manager of Sales Department, Hot Melt Adhesive, MORESCO Corporation	
		May 2011	Director and Executive Officer Division Manager of Hot Melt Adhesive and General Manager of Sales Department, Hot Melt Adhesive, MORESCO Corporation	
		January 2012	President and Representative Director of PT. MORESCO MACRO ADHESIVE	
		May 2014	Director and Managing Executive Officer Division Manager of Hot Melt Adhesive and General Manager of Sales Department, Hot Melt Adhesive, MORESCO Corporation	
		March 2015	Director and Managing Executive Officer Division Manager of Hot Melt Adhesive, MORESCO Corporation	
		March 2016	Director and Managing Executive Officer Division Manager of Hot Melt Adhesive and General Manager of Hot Melt Adhesive Production Department, MORESCO Corporation	
		June 2016	Director and Managing Executive Officer Division Manager of Hot Melt Adhesive, MORESCO Corporation	
		May 2017	Director and Senior Managing Executive Officer Division Manager of Hot Melt Adhesive and Division Manager of Metal Working Fluids, MORESCO Corporation	
		May 2018	COO, President and Representative Director Executive Officer of MORESCO Corporation (current position)	
		[Reasons for nomination as Director] Motohisa Morozumi has been involved in the hot melt business for many years and has made a significant contribution to the expansion of the hot melt business both in Japan and overseas by actively making inroads into new markets in Indonesia and China. He was appointed COO (chief operating officer), President and Representative Director in May 2018 for his excellent business decision-making ability based on abundant experience in business execution, and has led all Divisions and subsidiaries both in Japan and overseas. He has been nominated as a candidate for director of MORESCO Corporation, as we conclude that he would be able to continue to contribute to sustainably increasing the corporate value of MORESCO Corporation and the MORESCO Group as a director at a company with an Audit and Supervisory Committee.		

No.	Name (Date of birth)	Personal history, position and duty at the Company, and significant concurrent positions outside the Company		Number of the Company's shares held
3	Takashi Takeuchi (May 15, 1953)	May 2001	General Manager, Sales Department VI, The Industrial Bank of Japan, Limited (currently, Mizuho Bank, Ltd.)	24,400
		May 2003	Joined MORESCO Corporation Division Manager of Hot Melt Adhesive and General Manager of Sales Department, Hot Melt Adhesive, MORESCO Corporation	
		May 2005	Director Division Manager of Hot Melt Adhesive and General Manager of Sales Department, Hot Melt Adhesive, MORESCO Corporation	
		May 2006	Director and Executive Officer Division Manager of Hot Melt Adhesive and General Manager of Sales Department, Hot Melt Adhesive, MORESCO Corporation	
		February 2007	Director and Executive Officer Division Manager of Hot Melt Adhesive, MORESCO Corporation	
		February 2008	Director and Executive Officer Division Manager of Administrative Management, MORESCO Corporation	
		May 2010	Managing Director and Executive Officer Division Manager of Administrative Management, MORESCO Corporation	
		September 2011	Vice Chairman of Wuxi MoreTex Technology Co., Ltd.	
		September 2013	Managing Director and Executive Officer Division Manager of Functional Fluids, MORESCO Corporation	
		May 2014	Director and Senior Managing Executive Officer Division Manager of Functional Fluids, MORESCO Corporation	
		September 2015	Director and Senior Managing Executive Officer in charge of Purchasing Division Manager of Functional Fluids, MORESCO Corporation	
		March 2018	Chairman of Wuxi MoreTex Technology Co., Ltd. (current position)	
		April 2018	Director and Senior Managing Executive Officer Division Manager of Administrative Management, MORESCO Corporation	
		May 2018	CFO, Director and Senior Managing Executive Officer of MORESCO Corporation	
		March 2019	CFO, Director and Senior Managing Executive Officer General Manager of Public Relations Department, MORESCO Corporation (current position)	
		April 2019	Representative Director and President, MORESCO Techno Co., Ltd. (current position)	
[Reasons for nomination as Director] Takashi Takeuchi has served as Division Manager of the Hot Melt Adhesive Division, the Administrative Management Division and the Functional Fluids Division since he joined MORESCO Corporation. He has been involved in various businesses and possesses superior management skills based on his abundant experience and extensive knowledge as well as strategic perspectives. He was appointed CFO (chief financial officer) in May 2018, and has been responsible for important duties in the administration and corporate governance segments of the Company. He has been nominated as a candidate for director of MORESCO Corporation, as we conclude that he would be able to continue to contribute to sustainably increasing the corporate value of MORESCO Corporation and the MORESCO Group as a director at a company with an Audit and Supervisory Committee.				

No.	Name (Date of birth)	Personal history, position and duty at the Company, and significant concurrent positions outside the Company		Number of the Company's shares held
4	Nobuhiro Sewaki (March 23, 1964)	April 1982	Joined MORESCO Corporation.	12,300
		March 2008	General Manager of Sales Department, Functional Fluids Division, MORESCO Corporation	
		May 2010	Executive Officer General Manager of Sales Department, Functional Fluids Division, MORESCO Corporation	
		March 2015	President and Representative Director of MORESCO (Thailand) Co., Ltd. (current position)	
		May 2015	Executive Officer in charge of Southeast Asia, MORESCO Corporation	
		May 2016	Senior Executive Officer in charge of Southeast Asia, MORESCO Corporation	
		February 2017	President and Representative Director of MORESCO HM&LUB INDIA PRIVATE LIMITED (current position)	
		May 2017	Director, Senior Executive Officer in charge of Southeast Asia, MORESCO Corporation	
		May 2018	Director, Senior Executive Officer in charge of Global Operations, MORESCO Corporation (current position)	
[Reasons for nomination as Director] Nobuhiro Sewaki has served as General Manager of the Sales Department, Functional Fluids Division, for many years, and has assumed positions as President and Representative Director of the Company's overseas subsidiaries since March 2015. As evidenced by these management positions, he possesses sufficient experience and knowledge with regard to the Company and its subsidiaries. Based on such experience and knowledge, he was appointed Director in May 2017 and Director in charge of Global Operations in May 2018, and has supervised overseas group companies in promoting business expansion. He has been nominated as a candidate for director of MORESCO Corporation as we conclude that he would be able to continue to contribute to sustainably increasing the corporate value of MORESCO Corporation and the MORESCO Group as a director at a company with an Audit and Supervisory Committee.				
No.	Name (Date of birth)	Personal history, position and duty at the Company, and significant concurrent positions outside the Company		Number of the Company's shares held
5	Yasuo Sakane (June 7, 1958)	October 2003	Joined MORESCO Corporation Special Manager of SS Group, R&D Department, MORESCO Corporation	5,000
		March 2004	General Manager of R&D Department, MORESCO Corporation	
		April 2006	Technical Director of Komag, Inc.	
		October 2007	Technologist of Western Digital Media Operations (currently, Western Digital Technologies, Inc.)	
		March 2016	Rejoined MORESCO Corporation Executive Officer of MORESCO Corporation Executive Manager of Synthetic Lubricants Division, MORESCO Corporation	
		March 2016	Executive Officer of MORESCO Corporation Executive Manager of Synthetic Lubricants Division and General Manager of Synthetic Lubricants Development Department, MORESCO Corporation	
		June 2016	Executive Officer of MORESCO Corporation Executive Manager of Synthetic Lubricants Division, MORESCO Corporation (current position)	
		May 2018	Director, Senior Executive Officer, CTO Executive Manager of Synthetic Lubricants Division and General Manager of R&D Department, MORESCO Corporation (current position)	
[Reasons for nomination as Director] Yasuo Sakane had been involved in R&D at overseas hard disk drive manufacturers over many years and has served as Executive Manager of the Synthetic Lubricants Division at MORESCO Corporation since joining the Company. He has abundant experience and knowledge of global business and surface lubricants for hard disks which are one of MORESCO Corporation's mainstay products. Based on this experience and knowledge, he was appointed Director and CTO (Chief Technology Officer) of MORESCO Corporation in May 2018, leading the R&D segment in promoting research and development projects that will lead to new business fields. He has been nominated as a candidate for director of MORESCO Corporation as we conclude that he would be able to continue to contribute to sustainably increasing the corporate value of MORESCO Corporation and the MORESCO Group as a director at a company with an Audit and Supervisory Committee.				



No.	Name (Date of birth)	Personal history, position and duty at the Company, and significant concurrent positions outside the Company		Number of the Company's shares held
6	Li-Ju Judy Lin (March 29, 1953)	January 1992	Senior Research Fellow of Storage System Division, Almaden R&D Center, International Business Machines Corporation (IBM)	0
		June 1998	Senior Director in charge of Tribology and Head/Disk Interface, Komag, Inc.	
		July 2001	Managing Director in charge of Mechanical Process and Tribology, Komag, Inc.	
		April 2006	Vice President in charge of Mechanical Process and Tribology, Komag, Inc.	
		September 2007	Vice President in charge of Mechanical Process and Tribology, Western Digital Media Operations (currently, Western Digital Technologies, Inc.)	
		May 2014	Director of MORESCO Corporation (current position)	
	[Reasons for nomination as Outside Director] Li-Ju Judy Lin possesses abundant experience and extensive knowledge of technologies and management gained from her many years of service at overseas hard disc manufacturers, etc. She has provided professional guidance on MORESCO Corporation's R&D management. She has also provided us with appropriate advice on career development for female employees and female managers of MORESCO Corporation, making significant contribution to their further development. She has been nominated as a candidate for outside director of MORESCO Corporation, as we expect that she will continue to provide us with professional guidance and advice as a director at a company with an Audit and Supervisory Committee.			

(Notes)

- There are no particular conflicts of interest between each of the candidates and MORESCO Corporation.
- Li-Ju Judy Lin is a candidate for External Director.
- Special notes related to the candidates for external directors are as follows.
  - Term of office  
The term of office of Li-Ju Judy Lin as an External Director will be six years at the conclusion of this General Meeting.
  - Contract for limitation of liability  
In accordance with the Articles of Incorporation and the provision of Paragraph 1, Article 427 of the Companies Act, the Company has entered into a contract with Li-Ju Judy Lin which limits the liability for damages of Paragraph 1, Article 423 of the Companies Act. The liability for damages under the said contract is limited to the statutory amount, and the Company plans to continue the same contract if her reappointment is approved.
- The Company has registered Li-Ju Judy Lin as an independent officer in accordance with regulations of Tokyo Stock Exchange, Inc. The Company plans to continuously have Li-Ju Judy Lin as an independent officer if the reappointment of Li-Ju Judy Lin is approved.

**Agendum 4. Election of Four Directors Who Are Audit and Supervisory Committee Members**

The Company will become a company with an Audit and Supervisory Committee, subject to approval and adoption of Agendum 2 “Partial Amendment of the Articles of Incorporation.” It is therefore proposed that four Directors who are Audit and Supervisory Committee Members should be elected.

This agendum has been approved by the Audit & Supervisory Board in advance.

This agendum shall take effect when the amendments to the Articles of Incorporation proposed in Agendum 2 “Partial Amendment of the Articles of Incorporation” take effect.

The candidates for Directors who are Audit and Supervisory Committee Members are as described below.

No.	Name (Date of birth)	Personal history, position and duty at the Company, and significant concurrent positions outside the Company		Number of the Company's shares held
1	* Shinichi Sakuta (July 21, 1948)	March 1971	Joined MORESCO Corporation	28,200
		March 1997	General Manager of President's Office, MORESCO Corporation	
		December 2001	General Manager of Accounting Department, MORESCO Corporation	
		May 2005	Director Division Manager of Administrative Management, MORESCO Corporation	
		May 2006	Director and Executive Officer Division Manager of Administrative Management, MORESCO Corporation	
		February 2008	Director and Executive Officer Division Manager of Hot Melt Adhesive, MORESCO Corporation	
		March 2008	Director and Executive Officer Division Manager of Hot Melt Adhesive and General Manager of Akoh Plant, MORESCO Corporation	
		March 2009	Director and Executive Officer Division Manager of Hot Melt Adhesive and General Manager of Purchasing Department, MORESCO Corporation	
		December 2010	Director and Executive Officer Division Manager of Hot Melt Adhesive, MORESCO Corporation	
		March 2011	Director and Executive Officer Division Manager of Functional Fluids, MORESCO Corporation	
		May 2011	Managing Director and Executive Officer Division Manager of Functional Fluids, MORESCO Corporation	
		September 2013	Managing Director and Executive Officer Division Manager of Administrative Management, MORESCO Corporation	
		June 2014	Corporate Advisor of MORESCO Corporation	
		May 2015	Audit & Supervisory Board Member, MORESCO Corporation (current position)	
[Reason for nomination as a Director who is Audit and Supervisory Committee Member] Shinichi Sakuta served as General Manager of the Company's Accounting Department and Administrative Management Division for many years, obtaining an appreciable extent of knowledge about finance and accounting. He also served as Director and Managing Director from May 2005 to May 2014, assuming responsibility for several Divisions. He is therefore quite familiar with the business operations of the Company, and has the knowledge and experience necessary for the sound and proper management of the Company. He was appointed as the Company's Audit & Supervisory Board Member in May 2015, and has been engaged in the auditing of the Company by making effective use of his abundant knowledge and experience. He has been nominated as a candidate for a Director who is an Audit and Supervisory Committee Member of MORESCO Corporation as we conclude that he would be able to properly perform his duties as a Director who is an Audit and Supervisory Committee Member.				

No.	Name (Date of birth)	Personal history, position and duty at the Company, and significant concurrent positions outside the Company		Number of the Company's shares held
2	* Kazuo Machigaki (May 11, 1951)	July 1995	Manager of Tokyo Plant, Tocalo Co., Ltd.	0
		September 1999	Manager of Akashi Plant, Tocalo Co., Ltd.	
		April 2005	General Manager of Manufacturing Division, Tocalo Co., Ltd.	
		June 2005	Director and Deputy General Manager of Manufacturing Division, Tocalo Co., Ltd.	
		June 2007	Representative Director and President, Tocalo Co., Ltd.	
		April 2013	President, Tocalo & Han Tai TW Co., Ltd. (current position)	
		June 2013	Representative Director and Chairman, Tocalo Co., Ltd.	
		June 2019	Advisor, Tocalo Co., Ltd. (current position)	
	[Reasons for nomination as an External Director who is an Audit and Supervisory Committee Member] Kazuo Machigaki has served for many years as President and Chairman of a top manufacturer in the field of surface modification, and he possesses abundant experience and extensive knowledge as a manager. He has been nominated as a candidate for an External Director who is an Audit and Supervisory Committee Member of MORESCO Corporation as we conclude that he would be able to properly perform auditing and supervision by making use of his experience and knowledge.			
3	* Mikio Nakajo (March 19, 1963)	April 1998	Registered as attorney, joined the Sawada and Kikui Law Office (now Sawada, Nakajo and Mori Law Office)	0
		April 2005	Partner attorney, Sawada/Nakajo Law Office (now Sawada, Nakajo and Mori Law Office)	
		June 2010	External auditor, Nishishiba Electric Co., Ltd.	
		June 2011	External auditor, Glory Ltd.	
		May 2019	Representative attorney, Sawada, Nakajo and Mori Law Office (current position)	
		June 2019	External auditor, Yamato Kogyo Co., Ltd. (current position)	
	[Reasons for nomination as an External Director who is an Audit and Supervisory Committee Member] Mikio Nakajo has professional knowledge and extensive experience as an attorney for many years. He has been nominated as a candidate for an External Director who is an Audit and Supervisory Committee Member of MORESCO Corporation as we conclude that he would be able to make use of his experience and knowledge in auditing and supervision. Although he has no experience of being directly involved in corporate management, he has management experience as the representative attorney of a law office and has served as an external auditor of companies listed in the First Section of the Tokyo Stock Exchange, and is therefore quite familiar with the auditing operations of listed companies. We therefore conclude that he would be able to properly perform his duties as an External Director who is an Audit and Supervisory Committee Member.			

No.	Name (Date of birth)	Personal history, position and duty at the Company, and significant concurrent positions outside the Company		Number of the Company's shares held
4	* Hidetoshi Nakatsuka (October 26, 1964)	April 1983	Hired by the Osaka Regional Taxation Bureau	0
		July 2000	Company Split PT (in charge of notification of organizational restructuring taxation systems), Corporation Taxation Division, Taxation Department, and Large Enterprise Examination Division, Large Enterprise Examination and Criminal Investigation Department, National Tax Agency	
		January 2002	Corporate Planning Office, Tax Bureau, Ministry of Finance (in charge of consolidated taxation laws) and Large Enterprise Examination Division, Large Enterprise Examination and Criminal Investigation Department, National Tax Agency	
		July 2009	Review Officer (International Examination), Review Division (Large Enterprise Examination), First Large Enterprise Examination Department, Osaka Regional Taxation Bureau	
		July 2012	Deputy Director, Co-ordination Division (Large Enterprise Examination), First Large Enterprise Examination Department, Osaka Regional Taxation Bureau	
		August 2013	Registered as tax accountant, opened Hidetoshi Nakatsuka Tax Accountant Office, representative (current position)	
		April 2014	Special Professor, Graduate School and Faculty of Law, Himeji Dokkyo University	
		December 2018	External auditor, Tiger Corporation (current position)	
<p>[Reasons for nomination as an External Director who is an Audit and Supervisory Committee Member]</p> <p>Hidetoshi Nakatsuka has experience of being involved in tax administration for many years and is also familiar with corporate taxation, and thus he acquired professional knowledge about accounting and taxation. He has been nominated as a candidate for an External Director who is an Audit and Supervisory Committee Member of MORESCO Corporation as we conclude that he would be able to make use of his experience and knowledge in auditing and supervision.</p> <p>Although he has no experience of being directly involved in corporate management, he has experienced management of a tax accountant office apart from the professional experience and knowledge described above. We therefore conclude that he would be able to properly perform his duties as an External Director who is an Audit and Supervisory Committee Member of the Company.</p>				

(Notes)

- Names with an asterisk are candidates for new Directors who are Audit and Supervisory Committee Members.
- There are no particular conflicts of interest between each of the candidates and MORESCO Corporation.
- Kazuo Machigaki, Mikio Nakajo and Hidetoshi Nakatsuka are candidates for External Directors.
- When the election of Kazuo Machigaki, Mikio Nakajo and Hidetoshi Nakatsuka is approved, the Company will enter into a contract with them which limits the liability for damages of Paragraph 1, Article 423 of the Companies Act, in accordance with the Articles of Incorporation, pursuant to the provision of Paragraph 1, Article 427 of the Companies Act. The liability for damages under the said contract shall be limited to the statutory amount.
- When the election of Kazuo Machigaki, Mikio Nakajo and Hidetoshi Nakatsuka is approved, the Company will register the three as independent officers in accordance with regulations of Tokyo Stock Exchange, Inc.
- The number of the Company's shares held by Shinichi Sakuta includes his equity in MORESCO.

**Agendum 5. Setting the Amount of Remuneration for Directors (Except Directors Who Are Audit and Supervisory Committee Members)**

The amount of remuneration of Directors of the Company was approved as 15 million yen at maximum per month (180 million yen per year) (salaries for employees not included) at the 28th General Meeting of Shareholders held on May 20, 1986. The Company will become a company with an Audit and Supervisory Committee, subject to approval and adoption of Agendum 2 “Partial Amendment of the Articles of Incorporation.” Accordingly, it is proposed that current provisions related to the amount of remuneration for Directors should be abolished and the amount of remuneration for Directors (except Directors who are Audit and Supervisory Committee Members) should be set to be not more than 180 million yen per year (of which not more than 10 million yen for External Directors), taking into consideration the recent economic circumstances and other situations.

It is also proposed that the amount of remuneration for Directors (except Directors who are Audit and Supervisory Committee Members) should not include salaries as employees for Directors who are also employees.

If Agendum 2 “Partial Amendment of the Articles of Incorporation” and Agendum 3 “Election of Six Directors (Except Directors Who Are Audit and Supervisory Committee Members)” are approved and adopted in their original forms, the number of Directors (except Directors who are Audit and Supervisory Committee Members) will be six (including one External Director).

This agendum shall take effect when the amendments to the Articles of Incorporation proposed in Agendum 2 “Partial Amendment of the Articles of Incorporation” take effect.

**Agendum 6. Setting the Amount of Remuneration for Directors Who Are Audit and Supervisory Committee Members**

The Company will become a company with an Audit and Supervisory Committee, subject to approval and adoption of Agendum 2 “Partial Amendment of the Articles of Incorporation.” Accordingly, it is proposed that the amount of remuneration for Directors who are Audit and Supervisory Committee Members should be set to be not more than 36 million yen per year, taking into consideration the duties and responsibilities of Directors who are Audit and Supervisory Committee Members.

If Agendum 2 “Partial Amendment of the Articles of Incorporation” and Agendum 4 “Election of Four Directors Who Are Audit and Supervisory Committee Members” are approved and adopted in their original forms, the number of Directors who are Audit and Supervisory Committee Members will be four.

This agendum shall take effect when the amendments to the Articles of Incorporation proposed in Agendum 2 “Partial Amendment of the Articles of Incorporation” take effect.

**Agendum 7. Determination of Remuneration for Directors (Except Directors Who Are Audit and Supervisory Committee Members and External Directors) for Granting of Shares with Restrictions on Transfer**

At the 59th General Meeting of Shareholders held on May 30, 2017, the Company obtained approval on providing remuneration of not more than 50 million yen a year for granting of shares with restrictions on transfer to Directors of the Company except External Directors. However, the Company will become a company with an Audit and Supervisory Committee, subject to approval and adoption of Agendum 2 “Partial Amendment of the Articles of Incorporation.”

Accordingly, it is proposed to abolish the current remuneration for Directors except External Directors for granting of shares with restrictions on transfer. And for the purpose of giving incentives for pursuing sustainable improvement of corporate value of the Company and further promoting sharing of value between Directors and stockholders, it is proposed to provide remuneration for Directors (except Directors who are Audit and Supervisory Committee Members and External Directors) (hereinafter, “Eligible Directors”) after the Company’s transition to a company with an Audit and Supervisory Committee for the purpose of granting shares with restrictions on transfer, separately from the remuneration proposed in Agendum 5. Allocation of shares with restrictions on transfer has been decided, taking into comprehensive consideration the degree of contribution to the Company and other matters of Directors, which the Company believes reasonable.

If Agendum 2 “Partial Amendment of the Articles of Incorporation” and Agendum 3 “Election of Six Directors (Except Directors Who Are Audit and Supervisory Committee Members)” are approved and adopted in their original forms, the number of Eligible Directors will be five.

This agenda shall take effect when the amendments to the Articles of Incorporation proposed in Agendum 2 “Partial Amendment of the Articles of Incorporation” take effect.

Details of the remuneration for granting of shares with restrictions on transfer to be allocated to Eligible Directors are the same as those approved and adopted at the 59th General Meeting of Shareholders held on May 30, 2017, as follows:

1. The total amount of monetary remuneration to be paid for granting of shares with restrictions on transfer shall be not more than 50 million yen per year.
2. Specific timing of payment and allocation to each Eligible Director shall be decided at the Board of Directors’ meeting.
3. Eligible Directors shall, in accordance with a resolution of the Board of Directors of the Company, provide all monetary remuneration receivables that arise due to this Agenda as contribution in kind, thereby having the Company’s common shares issued or disposed of. The total number of the Company’s common shares issued or disposed of shall be not more than 40,000 annually, and the amount of payment per share shall be the amount decided by the Board of Directors based on the closing price of the Company’s common stock at the Tokyo Stock Exchange on the business day before the date of the resolution of each Board of Directors’ meeting (or if no deals are made on this day, the closing price of the most recent date of trade), within a range that will not be particularly advantageous to the Directors eligible to receive the said common shares.
4. For issuance or disposal of the Company’s common shares in accordance with the above, the Company and the Eligible Directors shall enter into a contract for allocation of shares with restrictions on transfer (hereinafter, “the Allocation Contract”).
  - (1) The Eligible Directors shall not transfer, create a security interest on, or otherwise dispose of the Company’s common stock allotted through the Allotment Agreement (hereinafter, the “Allotted Stock”) during the period between two years and five years specified by the Company’s Board of Directors (hereinafter, the “Restriction Period”) (hereinafter, the “Restriction”).
  - (2) In a case in which the Eligible Director resigns from the position as the Company’s Director prior to the expiry of the Restriction Period, the Company shall naturally acquire free of charge the Allotted Stock excluding the case involving any of the justifiable grounds approved by the Company’s Board of Directors.
  - (3) Notwithstanding the provision of (1) above, subject to continuous service by the Eligible Director during the Restriction Period, the Company shall remove the Restriction on the entire Allotted Stock at the expiry of the Restriction Period. However, in a case where the Eligible Director resigns from the position stipulated in (2) above prior to the expiry of the Restriction Period due to any of the justifiable grounds approved by the Company’s Board of Directors stipulated in (2) above, the number of the Allotted Stock for which the Restriction will be removed and the timing of such removal shall be reasonably adjusted as required.
  - (4) The Company shall naturally acquire free of charge the Allotted Stock whose Restriction has not been removed pursuant to the provision stipulated in (3) above upon the expiry of the Restriction Period.
  - (5) Notwithstanding the provision of (1) above, in the case of a merger agreement under which the Company will become a non-surviving company, a stock swap agreement based upon which the Company will become a wholly-owned subsidiary, or other matters concerning organizational restructuring, etc. such as a stock transfer plan are approved by the Company’s general meeting of stockholders (the Company’s Board of Directors in the case where the approval of the general meeting of stockholders is not required with regard to such organizational restructuring) during the Restriction Period, the Company shall remove ahead of the effective date of such organizational restructuring, etc. the Restriction for the Allotted Stock in the reasonable number determined by resolution of the Company’s Board of Directors in light of the period between the commencement date of the Restriction Period and the approval date of such organizational restructuring, etc.
  - (6) In the cases provided for the provision of (5) above, the Company shall naturally acquire free of charge the Allotted Stock whose Restriction has not been removed immediately after the removal of the Restriction pursuant to the provision stipulated in (5) above.