

(Translation)

Securities Code:5262

June 8, 2020

To Our Shareholders with Voting Rights:

Minoru Okawauchi
President and Director
NIPPON HUME CORPORATION
5-33-11 Shimbashi, Minato-ku, Tokyo

**NOTICE OF CONVOCATION OF
THE 137TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

You are cordially invited to attend the 137th Annual General Meeting of Shareholders of NIPPON HUME CORPORATION (the “Company”). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you may exercise your voting rights in writing. Please review the attached Reference Documents for the General Meeting of Shareholders, indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it to us by no later than 5:20 p.m. Japan time on Thursday, June 25, 2020.

- 1. Date and Time:** Friday, June 26, 2020 at 10:00 a.m. Japan time
- 2. Place:** Conference room on the 8th floor of the Company (Shimbashi NH Building)
5-33-11 Shimbashi, Minato-ku, Tokyo, Japan
- 3. Meeting Agenda:**
 - Matters to be reported:**
 1. The Business Report and Consolidated Financial Statements for the 137th Fiscal Year (April 1, 2019 to March 31, 2020), and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
 2. Non-consolidated Financial Statements for the 137th Fiscal Year (April 1, 2019 to March 31, 2020)
 - Proposals to be resolved:**
 - Proposal 1:** Appropriation of Surplus
 - Proposal 2:** Election of Four (4) Audit & Supervisory Board Members
 - Proposal 3:** Introduction of Performance-linked Stock-based Compensation System for Directors
 - Proposal 4:** Continuation of Countermeasures against Large-scale Purchases of the Company’s Shares (Takeover Defense Measures)

- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
- Please note that the following items are not presented in the attached document of this notice of convocation, as they are posted on the Company's website, in accordance with laws and regulations and the provisions under Article 14 of the Company's Articles of Incorporation.

1. Notes to the Consolidated Financial Statements
2. Notes to the Non-Consolidated Financial Statements

The Consolidated Financial Statements and Non-Consolidated Financial Statements audited by the Audit & Supervisory Board and Accounting Auditor in preparing the Audit Report and Accounting Auditor's Audit Report, respectively, include the information in the attached document, as well as other information required to be disclosed in the "Notes to the Consolidated Financial Statements" and "Notes to the Non-Consolidated Financial Statements."

- If the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements or Non-Consolidated Financial Statements require revisions, the revised versions will be posted on the Company's website.

The Company's website (<http://www.nipponhume.co.jp/>)

[Prevention of the spread of the corona virus disease(COVID-19)at the venue of the Annual General Meeting of Shareholders]

Request to shareholders

1. According to an instruction by the Ministry of Health, Labor and Welfare, risk of becoming infected by the virus increases when you remain in close physical proximity to other people in a closed indoor space for a period of time, and people of advanced age or those with underlying conditions are particularly exposed to the risks of developing severer symptoms. Thus, shareholders are kindly asked to consider exercising their voting rights in writing in advance using a method described in the Notice of Convocation, rather than by attending the General Meeting of Shareholders in person.
2. In case you are planning to attend the General Meeting of Shareholders in person, please reconsider if you have a fever, fatigue, cough or any other sickness on the day of the meeting, as there is no point in pushing yourself at the cost of your health.

For shareholders who are still attending the General Meeting of Shareholders

1. You will be checked if you have conditions such as a fever, fatigue or cough at the reception desk. Please be aware of this in advance.
2. You may be asked not to enter the venue of the meeting if you are found to have conditions such as a fever, fatigue or cough. In that case you will still be able to exercise your voting rights, just by leaving a completely filled out Voting Rights Exercise Form at the reception desk.
3. Hand sanitizer shall be placed around the reception desk. Please sanitize your hands to prevent the spread of infection.
4. Shareholders attending the meeting are kindly asked to bring and wear a face mask, where possible. Please report to the reception desk if you do not have one.
5. Microphones used in the question and answer session shall be sanitized each time after use.
6. Please be aware that we will arrange wider distances between available seats as part of infection-control measures, resulting in a reduced amount of seating than in ordinary years.
7. Staff responsible for organizing the meeting will be wearing face masks at all times.

Reference Documents for the General Meeting of Shareholders

Proposal 1: Appropriation of Surplus

The Company proposes to distribute the surplus as described below.

The Company considers distribution of profits to shareholders as an important management task. Our basic policy is to maintain a stable dividend level. In the meantime, we strive to enhance overall return to shareholders by implementing purchases of treasury shares and other measures, taking into account factors such as maintaining a sound financial structure, enhancing internal reserves to prepare for business development, as well as performance.

Funds retained as internal reserves will be used as a portion of the funds invested in development of new products and new technologies and for capital investment in efficiency enhancement and reduction of power consumption. The efficiency of the investments is considered from a long-term perspective.

The Company is scheduled to pay the year-end dividend for the fiscal year under review as described below, taking into account factors such as non-consolidated financial results, consolidated financial results, financial condition and future management environment.

1. Details of the year-end dividend

1) Type of dividend property	Cash
2) Appropriation of dividend property to shareholders and its total amount	¥19 per share for the Company's common stock Total dividends: ¥479,446,684
3) Effective date for dividends from surplus	June 29, 2020

2. Other matters concerning the appropriation of surplus

1) Accounting item of surplus to increase and the amount of increase	General reserve: ¥500,000,000
2) Accounting item of surplus to decrease and the amount of decrease	Retained earnings brought forward: ¥500,000,000

Proposal 2: Election of Four (4) Audit & Supervisory Board Members

The terms of office of all four (4) Audit & Supervisory Board Members will expire at the conclusion of this General Meeting of Shareholders. Therefore, the Company proposes the election of four (4) Audit & Supervisory Board Members.

The Audit & Supervisory Board has given its approval to this proposal.

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

No.	Name	Current positions, etc.	
1	Takamasa Ishii	Full-time Audit & Supervisory Board Member	Reelection
2	Yoshihide Shimoyama	Outside Audit & Supervisory Board Member	Reelection Outside
3	Hirofumi Kitayama	Specially Appointed Professor of New Industry Creation Hatchery Center, Tohoku University	New candidate Outside
4	Koichiro Sakamoto	Former Member of the Board, Senior Vice President of Taiyo Oil Company, Limited	New candidate Outside Independent

Reelection: Candidate for reelected Audit & Supervisory Board Member

New candidate: Candidate for newly elected Audit & Supervisory Board Member

Outside: Candidate for Outside Audit & Supervisory Board Member

Independent: Independent Director pursuant to the provisions of the Stock Exchange

No.	Name (Date of birth)	Career summary, positions and significant concurrent positions
1	<p>Takamasa Ishii (May 8, 1964)</p> <p>Reelection</p> <p>Number of the Company's shares held 8,700</p>	<p>April 1988 Joined the Company</p> <p>April 2010 General Manager of Accounting Department</p> <p>June 2014 President and Representative Director of NIPPON HUME ENGINEERING CORPORATION</p> <p>June 2015 Management Officer, General Manager of Accounting Department</p> <p>June 2017 President and Representative Director of HUMEZ CORPORATION</p> <p>June 2019 Full-time Audit & Supervisory Board Member (to present)</p> <p>Reasons for the election as a candidate for Audit & Supervisory Board Member Mr. Takamasa Ishii has a fair amount of expertise and insight in accounting as well as the Company's overall business operations, gained through his career as Management Officer, General Manager of Accounting Department. The Company determined that Mr. Ishii is suitable as a candidate for Audit & Supervisory Board Member, in view of his track record in the proposed position.</p>
2	<p>Yoshihide Shimoyama (August 9, 1951)</p> <p>Reelection</p> <p>Number of the Company's shares held 0</p>	<p>April 1976 Joined Nihon Cement Co., Ltd. (current TAIHEIYO CEMENT CORPORATION)</p> <p>September 1997 Chief Researcher of Cement Concrete Research Department of Research & Development Center of Nihon Cement Co., Ltd.</p> <p>October 1998 Group 4 Leader of Sakura Research Center of Research & Development Division of TAIHEIYO CEMENT CORPORATION</p> <p>April 2004 General Manager of Technology Planning Department of Research & Development Center of TAIHEIYO CEMENT CORPORATION</p> <p>March 2008 President and Representative Director of Taiheiyo Consultant Co., Ltd.</p> <p>April 2008 Advisor of TAIHEIYO CEMENT CORPORATION</p> <p>June 2008 Outside Audit & Supervisory Board Member (to present)</p> <p>Reasons for the election as a candidate for Outside Audit & Supervisory Board Member Mr. Yoshihide Shimoyama has a career background as senior management staff along with a wealth of insight. The Company determined that Mr. Shimoyama is suitable as a candidate for Outside Audit & Supervisory Board Member, in view of his track record in the proposed position.</p>

No.	Name (Date of birth)	Career summary, positions and significant concurrent positions
3	Hirofumi Kitayama (March 28, 1954) New candidate Number of the Company's shares held 0	<p>December 1983 Joined TEL-Thermco Engineering Co., Ltd.(current Tokyo Electron Technology Solutions Ltd.)</p> <p>June 2007 Corporate Director of Tokyo Electron Ltd.</p> <p>April 2009 Corporate Director, Executive Vice President of Tokyo Electron Ltd.</p> <p>April 2010 President & Representative Director of Tokyo Electron Miyagi Ltd. (until 2012)</p> <p>June 2013 Corporate Director, Vice President of Tokyo Electron Ltd.</p> <p>June 2016 Corporate Director, Executive Vice President of Tokyo Electron Ltd.</p> <p> President & Representative Director of Tokyo Electron Miyagi Ltd.</p> <p>June 2018 Chairman& Representative Director of Tokyo Electron Miyagi Ltd.</p> <p>April 2020 Specially Appointed Professor of New Industry Creation Hatchery Center, Tohoku University (to present)</p> <p>Reasons for the election as a candidate for Outside Audit & Supervisory Board Member Mr. Hirofumi Kitayama has a career background as senior management staff along with a wealth of insight. The Company determined that Mr. Kitayama is suitable as a candidate for Outside Audit & Supervisory Board Member, as he is expected to offer his insight developed as an academic to the Company's audits in the future.</p>
4	Koichiro Sakamoto (June 19, 1957) New candidate Number of the Company's shares held 0	<p>April 1981 Joined Industrial Bank of Japan, Limited(current Mizuho Bank, Ltd.)</p> <p>April 2010 Executive Officer, General Manager of Internal Audit Division of Mizuho Bank, Ltd.</p> <p>May 2011 Advisor of Mizuho Bank, Ltd.</p> <p>June 2011 Executive Officer of Taiyo Oil Company, Limited Corporate Advisor of Taiyo Oil Company, Limited</p> <p>April 2014 Senior Vice President of Taiyo Oil Company, Limited</p> <p>June 2017 Member of the Board, Senior Vice President of Taiyo Oil Company, Limited</p> <p>Reasons for the election as a candidate for Outside Audit & Supervisory Board Member Mr. Koichiro Sakamoto has years of experience serving a financial institution along with insight as senior management staff. The Company determined that Mr. Sakamoto is suitable as a candidate for Outside Audit & Supervisory Board Member, in view of his experience and insight as aforementioned.</p>

1. There are no special interests between each candidate and the Company.
2. Messrs. Yoshihide Shimoyama, Hirofumi Kitayama and Koichiro Sakamoto are candidates for Outside Audit & Supervisory Board Members.
3. Mr. Yoshihide Shimoyama is the current Outside Audit & Supervisory Board Member of the Company. He will have served as Outside Audit & Supervisory Board Member for 12 years at the conclusion of this General Meeting of Shareholders.
4. An outline of a limited liability agreement with the Audit & Supervisory Board Members is as follows:
The Company has entered into a limited liability agreement with its Audit & Supervisory Board Members,

as allowed under the provisions of its Articles of Incorporation for the purpose of helping them fully perform their roles as expected.

The Company has entered into a limited liability agreement with Messrs. Takamasa Ishii and Yoshihide Shimoyama to limit their liability for damages pursuant to Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability under that agreement is ¥5 million or the minimum liability amount stipulated by laws and regulations, whichever is the greater. If the reelection of Messrs. Ishii and Shimoyama is approved, the Company intends to continue said agreement with each of them.

If the election of Messrs. Hirofumi Kitayama and Koichiro Sakamoto is approved, the Company intends to enter into a limited liability agreement with each of them to limit their liability for damages pursuant to Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability under that agreement is ¥5 million or the minimum liability amount stipulated by laws and regulations, whichever is the greater.

5. If the election of Mr. Koichiro Sakamoto is approved, the Company intends to register him as Independent Director pursuant to the provisions of Tokyo Stock Exchange.

Proposal 3: Introduction of Performance-linked Stock-based Compensation System for Directors

1. Reason for the proposal

The Company proposes to introduce a performance-linked stock-based compensation system called the “Board Benefit Trust (BBT) System” (hereinafter the “System”) for its Directors (excluding Outside Directors; hereinafter the same in this proposal unless otherwise specified), for which shareholders’ approval is requested.

This proposal is intended to incentivize Directors to further contribute to the improvement in business performance as well as an increase in corporate value over the medium and long term, through establishing a framework for further clarifying the linkage between Directors’ compensation, performance of the Company and its stock value, and for encouraging Directors to share with shareholders not only the merits of rising share prices, but also the risks of falling prices.

The Company believes that this proposal is suitable for serving the above purpose.

This proposal is to ask for approval on the amount of compensation for the aforementioned new stock-based compensation of Directors of the Company, outside the maximum aggregate amount of compensation of Directors (¥270 million p.a. including bonuses (including ¥50 million p.a. for Outside Directors), excluding, however, employee salary for the Directors concurrently serving as employees) approved at the 124th Annual General Meeting of Shareholders held on June 28, 2007.

Shareholders are also asked to allow the Board of Directors to decide, at its discretion, the details of the System within the framework described in “2. The Amount of Compensation under the System and Related Information” hereunder.

Seven (7) Directors shall be covered under the System, subject to the approval of this proposal as originally proposed.

Proposal 4: Continuation of Countermeasures against Large-scale Purchases of the Company's Shares (Takeover Defense Measures)

The Company decided to introduce the "Countermeasures against Large-scale Purchase of the Company's Shares (Takeover Defense Measures)" at a Board of Directors meeting held on March 21, 2008, and obtained approval thereon at the 125th Annual General Meeting of Shareholders held in June 2008, which was most recently renewed by a resolution at the 134th Annual General Meeting of Shareholders held in June 2017, (hereinafter referred to as the "Current Plan") with valid duration expiring at the conclusion of the 137th Annual General Meeting of Shareholders (hereinafter "this General Meeting of Shareholders").

The Company has, subsequent to the latest renewal, kept reviewing and considering a desirable form of strategy for ensuring and enhancing its corporate value and the common interest of its shareholders, including the option not to renew the Current Plan, in view of changes in the socio-economic environment, trends in the market and the development of debates surrounding the Takeover Defense Measures, as well as the intention of the Corporate Governance Code.

Following the aforementioned process, the Company decided at the Board of Directors meeting held on May 22, 2020 attended by its all 11 Directors including two Outside Directors, to renew the Current Plan (hereinafter the countermeasure after the proposed renewal being referred to as "this Plan"), subject to the shareholders' approval at this General Meeting of Shareholders, as a measure to prevent the decisions on the financial as well as business policies of the Company from being controlled by a party deemed inappropriate, in light of the "basic policies related to the way a person is to control the decisions on the financial and business policies of the stock company" (hereinafter the "Basic Policy on Control of the Company"), set out under Article 118, Paragraph 3 of the Regulation for Enforcement of the Companies Act. Thus, shareholders' approval on this decision is hereby duly requested.