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Notice of Annual Shareholders Meeting

(Securities Code 6459)
March 6, 2020

To Shareholders:

Atsushi Ozaki
President and Representative Director
DAIWA INDUSTRIES LTD.
3-13, Obasecho, Tennoji-ku, Osaka

NOTICE OF THE 59TH ANNUAL SHAREHOLDERS MEETING

Dear Shareholders:

You are cordially invited to attend the 59th Annual Shareholders Meeting of DAIWA INDUSTRIES LTD. (the “Company”).

If you are unable to attend the meeting, you can exercise your voting rights in writing. Please review the attached Reference Documents for the Shareholders Meeting and indicate your approval or disapproval of the proposals on the enclosed Voting Rights Exercise Form and return it so that it is received by 5:45 p.m., Thursday, March 26, 2020, Japan time.

- 1. Date and Time:** Friday, March 27, 2020 at 10:00 a.m. Japan time (reception will be open at 9:00 a.m.)
- 2. Place:** Main Hall on the 7th floor of Mengyo Kaikan Shinkan located at 5-8, Bingomachi 2-chome, Chuo-ku, Osaka, Japan
- 3. Meeting Agenda:**
 - Matters to be reported:** The Business Report and Financial Statements for the Company’s 59th Fiscal Year (January 1, 2019 - December 31, 2019)
 - Proposals to be resolved:**
 - Proposal 1** Election of Nine (9) Directors
 - Proposal 2** Election of One (1) Company Auditor
 - Proposal 3** Provision of Retirement Allowance to a Resigning Director

- ◎ When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
- ◎ Should the Reference Documents for the Shareholders Meeting, the Business Report and Financial Statements require any revisions, the revised versions will be posted on the Company’s website (<http://www.drk.co.jp>).

Reference Documents for the Shareholders Meeting

Proposals and Matters for Reference

Proposal 1 Election of Nine (9) Directors

The terms of office of all Directors (nine (9) Directors) of the Company will expire at the conclusion of this Annual Shareholders Meeting. Accordingly, the Company proposes the election of nine (9) Directors.

The candidates are as follows:

| No. | Name | Current position at the Company | Attendance at Board of Directors meetings |
|-----|--|---------------------------------------|---|
| 1 | Shigeru Ozaki Reelection | Top Advisor and Director | 10 out of 10 meetings |
| 2 | Atsushi Ozaki Reelection | President and Representative Director | 10 out of 10 meetings |
| 3 | Toshihiro Sugita Reelection | Senior Managing Director | 10 out of 10 meetings |
| 4 | Kaoru Maekawa Reelection | Director | 9 out of 10 meetings |
| 5 | Yoshiaki Ono Reelection Outside Director Independent Director | Director | 10 out of 10 meetings |
| 6 | Sumio Saito New candidate Outside Director Independent Director | — | — |
| 7 | Masahiro Ozaki Reelection | Director | 10 out of 10 meetings |
| 8 | Kazushige Hirade Reelection | Director | 10 out of 10 meetings |
| 9 | Tetsuro Kudo Reelection | Director | 10 out of 10 meetings |

No. 1 Shigeru Ozaki

(Date of birth: January 31, 1929)

Reelection

[Past experience, positions and responsibilities]

| | |
|---------------|---|
| February 1958 | Founded Daiwa Industries |
| November 1962 | Established Daiwa Industries Ltd. and assumed the position of President and Representative Director |
| March 2002 | Chairman and Representative Director of the Company |
| March 2016 | Top Advisor and Director of the Company (currently serving) |

Attendance at Board of Directors meetings in the current fiscal year
10 out of 10 meetings**Number of shares of the Company held**
3,912**Reasons for the nomination as a candidate for Director**

The Company renominated Mr. Shigeru Ozaki as a candidate for Director. The Company finds that he is very well qualified for Director of the Company because of his achievements as Representative Director in the development of the Company ever since the establishment of the Company, his deep knowledge about the Company's overall business, and abundant insights and experience as a business manager.

No. 2 Atsushi Ozaki

(Date of birth: March 12, 1970)

Reelection

[Past experience, positions and responsibilities]

| | |
|-------------|--|
| March 1994 | Joined the Company |
| July 2000 | Head of President's Office of the Company |
| March 2001 | Director of the Company |
| August 2001 | Vice President and Director of the Company |
| March 2002 | President and Representative Director of the Company (currently serving) |
| March 2008 | President and Executive Officer of the Company (currently serving) |

Attendance at Board of Directors meetings in the current fiscal year
10 out of 10 meetings**Number of shares of the Company held**
3,763,000**Reasons for the nomination as a candidate for Director**

The Company renominated Mr. Atsushi Ozaki as a candidate for Director. The Company finds that he is very well qualified for Director of the Company, as he has been engaged in overall operations of the Company and appropriately performed his duties since he joined the Company, and since he assumed the office of Director in March 2001 and Representative Director in March 2002, he has accumulated deep knowledge about the Company's overall business and gained abundant insights and experience as a business manager.

No. 3 Toshihiro Sugita

(Date of birth: June 17, 1954)

Reelection

[Past experience, positions and responsibilities]

| | |
|----------------|---|
| September 1981 | Joined the Company |
| March 2005 | Director of the Company |
| March 2007 | Managing Director of the Company |
| November 2007 | In charge of Direct Sales (currently serving) |
| March 2008 | Managing Executive Officer of the Company |
| March 2014 | Senior Managing Director of the Company (currently serving) Senior Managing Executive Officer of the Company (currently serving) |
| December 2014 | In charge of Sales |
| April 2016 | In charge of Corporate Clients Business |
| February 2019 | In charge of Sales Planning (currently serving) |

Attendance at Board of Directors meetings in the current fiscal year
10 out of 10 meetings

Number of shares of the Company held
11,586

Reasons for the nomination as a candidate for Director

The Company renominated Mr. Toshihiro Sugita as a candidate for Director. The Company finds that he is very well qualified for Director of the Company, as he has appropriately performed his duties and gained a wealth of knowledge and experience in the sales division, and deepened his understanding about the Company's overall business, since he joined the Company. In addition, since he assumed the office of Director in March 2005, he has been accumulating achievements in sales operations of the Company.

No. 4 Kaoru Maekawa

(Date of birth: June 27, 1951)

Reelection

[Past experience, positions and responsibilities]

| | |
|---------------|--|
| April 1974 | Joined Matsushita Electric Industrial Co., Ltd. (currently, Panasonic Corporation) |
| October 2002 | General Manager of Cooking System Business Division of the said company |
| October 2006 | Vice President of Home Appliances Company of the said company |
| August 2011 | Technical Advisor of Cooking Business Division of the said company |
| April 2012 | Technical Advisor of Panasonic Manufacturing Malaysia Bhd. |
| August 2014 | Joined the Company, Advisor in charge of Development and Manufacturing |
| February 2015 | Executive Officer in charge of Plants of the Company (currently serving) |
| March 2015 | Director of the Company (currently serving) |

Attendance at Board of Directors meetings in the current fiscal year
9 out of 10 meetings

Number of shares of the Company held
2,728

Reasons for the nomination as a candidate for Director

The Company renominated Mr. Kaoru Maekawa as a candidate for Director. The Company finds that he is very well qualified for Director of the Company, as he owns a wealth of knowledge and experience cultivated over his career at an electrical manufacturing company, and has developed his understanding about the Company's overall business, mainly through operations of the manufacturing division, since he joined the Company. In addition, since he assumed the office of Director in March 2015, he has been accumulating achievements in the Company's management, acting as a responsible person of the manufacturing division, being in charge of plants.

No. 5 Yoshiaki Ono

(Date of birth: September 1, 1942)

Reelection
Outside Director &
Independent Director**[Past experience, positions and responsibilities]**

| | |
|------------|--|
| June 1985 | Manager of Koshien Branch of Taiyo Kobe Bank, Ltd. (currently, Sumitomo Mitsui Banking Corporation) |
| June 1987 | Assistant Manager of Personnel Planning Division of the said bank |
| April 1988 | Assistant Manager of Tokyo Personnel Division of the said bank |
| June 1989 | Manager of Osaka Eki-mae Branch of the said bank |
| April 1991 | Manager of Business Administration Division 1 of Mitsui Taiyo Kobe Bank, Ltd. (currently, Sumitomo Mitsui Banking Corporation) |
| June 1992 | Manager of Semba Branch of The Sakura Bank, Limited (currently, Sumitomo Mitsui Banking Corporation) |
| July 1994 | Managing Director of Kobe Bankers Association |
| March 2013 | Outside Company Auditor of the Company |
| April 2016 | Outside Director of the Company (currently serving) |

Attendance at Board of Directors
meetings in the current fiscal year
10 out of 10 meetingsNumber of shares of the Company
held
890**Reasons for the nomination as a candidate for Outside Director**

The Company nominated Mr. Yoshiaki Ono as a candidate for Outside Director. The Company finds that he is very well qualified for Outside Director to be responsible for the supervision of the Company's management, as he owns long-term experience in the banking industry and a wealth of knowledge regarding finance, etc. that he has accumulated over his career, as well as insights concerning the Company's overall business based on his experience as Outside Company Auditor of the Company. The term of office of Mr. Ono as Outside Director of the Company will be four years at the conclusion of this Annual Shareholders Meeting.

No. 6 Sumio Saito

(Date of birth: January 8, 1948)

New candidate
Outside Director &
Independent Director**[Past experience, positions and responsibilities]**

| | |
|----------------|--|
| April 2000 | Executive Officer and Manager of Tokyo Sales Department No. 2 of The Sakura Bank, Limited (currently, Sumitomo Mitsui Banking Corporation) |
| April 2001 | Advisor of Mitsui Auto Leasing Ltd. (currently, Sumitomo Mitsui Auto Service Company, Limited) |
| December 2001 | President and Representative Director of the said company |
| October 2002 | President and Representative Director of SMBC Auto Leasing Co., Ltd. (currently, Sumitomo Mitsui Auto Service Company, Limited) |
| October 2007 | Representative Director, Executive Vice President of Sumitomo Mitsui Auto Service Company, Limited |
| June 2009 | Director of Mazda Auto Leasing Company |
| July 2012 | Outside Corporate Auditor of NIPPON COKE & ENGINEERING CO., LTD. |
| September 2017 | Outside Director of HEISEI ENTERPRISE, Inc. (currently serving) |

Attendance at Board of Directors
meetings in the current fiscal year
—Number of shares of the Company
held
0**Reasons for the nomination as a candidate for Outside Director**

The Company nominated Mr. Sumio Saito as a candidate for Outside Director. The Company finds that he is very well qualified for Outside Director to be responsible for the supervision of the Company's management, as he owns long-term managerial and work experience in the banking and financial industries as well as a wealth of knowledge regarding finance, etc. that he has accumulated over his career. He is a new candidate for Outside Director.

No. 7 Masahiro Ozaki (Date of birth: January 23, 1973) Reelection

[Past experience, positions and responsibilities]

| | |
|---------------|--|
| March 1999 | Joined the Company |
| August 2001 | Head of President's Office of the Company |
| March 2002 | Director of the Company |
| February 2007 | General Manager of Direct Sales Strategy Supervisory Division of the Company |
| March 2008 | Resigned from the position of Director of the Company Executive Officer of the Company (currently serving) |
| May 2008 | Head of President's Office of the Company (currently serving) |
| March 2013 | Director of the Company (currently serving) |
| June 2016 | In charge of Administration (currently serving) |

Attendance at Board of Directors meetings in the current fiscal year
10 out of 10 meetings

Number of shares of the Company held
2,300,000

Reasons for the nomination as a candidate for Director

The Company renominated Mr. Masahiro Ozaki as a candidate for Director. The Company finds that he is very well qualified for Director of the Company, as he has appropriately performed his duties, gained abundant insights and experience and also deepened his knowledge about the Company's overall business through his career in the administrative and technology divisions, since he joined the Company. In addition, since he assumed the office of Director in March 2002, he has been accumulating achievements in the Company's administrative division.

No. 8 Kazushige Hirade (Date of birth: October 25, 1951) Reelection

[Past experience, positions and responsibilities]

| | |
|--------------|--|
| April 1974 | Joined Matsushita Electric Industrial Co., Ltd. (currently, Panasonic Corporation) |
| October 1997 | President and Representative Director of Niigata Matsushita System Co., Ltd. |
| October 2000 | President and Representative Director of Chugoku Matsushita System Co., Ltd. |
| October 2009 | Joined the Company, General Manager of Corporate Clients Sales Planning |
| March 2010 | Executive Officer of the Company (currently serving) |
| March 2011 | General Manager of West Japan Corporate Clients Sales Division of the Company |
| June 2015 | General Manager of Regional Corporate Clients Sales Division of the Company |
| March 2017 | Director of the Company (currently serving) |
| April 2017 | In charge of Corporate Clients Business (currently serving) |

Attendance at Board of Directors meetings in the current fiscal year
10 out of 10 meetings

Number of shares of the Company held
1,501

Reasons for the nomination as a candidate for Director

The Company renominated Mr. Kazushige Hirade as a candidate for Director. The Company finds that he is very well qualified for Director of the Company, as he owns a wealth of knowledge and experience cultivated over his career at an electrical appliances manufacturer, has developed his understanding about the Company's overall business, mainly concerning the planning and sales of corporate clients business, and also has been accumulating achievements in overall corporate clients business since he assumed the office of Director in March 2017.

[Past experience, positions and responsibilities]

| | |
|---------------|--|
| October 1976 | Joined the Company |
| November 1984 | Director of the Company |
| March 1996 | Managing Director of the Company |
| March 2006 | Resigned from the position of Managing Director of the Company Full-time Company Auditor of the Company |
| November 2006 | Resigned from the position of Company Auditor of the Company |
| March 2007 | Director of the Company |
| November 2007 | In charge of Corporate Clients Business |
| March 2008 | Managing Director of the Company Managing Executive Officer of the Company |
| June 2009 | Director of the Company (currently serving) Executive Officer of the Company (currently serving) |
| December 2016 | General Manager of Tokyo Corporate Clients Sales Division of the Company |
| December 2018 | General Manager of Tokyo Metropolitan Area Corporate Clients Sales Division of the Company (currently serving) |

Attendance at Board of Directors meetings in the current fiscal year
10 out of 10 meetings

Number of shares of the Company held
1,838

Reasons for the nomination as a candidate for Director

The Company renominated Mr. Tetsuro Kudo as a candidate for Director. The Company finds that he is very well qualified for Director of the Company, as he has appropriately performed his sales operations and gained a wealth of knowledge and experience in the sales division, attained experience as Company Auditor of the Company, and deepened his understanding about the Company's overall business, since he joined the Company. In addition, since he assumed the office of Director, he has been accumulating achievements in sales operations of the Company.

- (Notes)
1. There are no special interests between each candidate and the Company.
 2. Messrs. Yoshiaki Ono and Sumio Saito are candidates for Outside Directors. Both candidates have been notified to the Tokyo Stock Exchange as Independent Directors/Auditors who possess no potential conflict of interests with general shareholders, as stipulated by the Tokyo Stock Exchange.
 3. The candidate, Mr. Sumio Saito, is scheduled to retire from his position as Outside Director of HEISEI ENTERPRISE, Inc. on March 31, 2020.

Selection and nomination of Directors

In nominating candidates for Directors, the Company determines the candidates through deliberation at Board of Directors meetings, considering professional knowledge, abilities, experience, insights, personalities and other factors necessary to carry out Director's responsibilities.

Independence criteria for Outside Directors

The Company has adopted the requirements for outside directors and company auditors stipulated in the Companies Act and the criteria of independent directors and company auditors set by the Tokyo Stock Exchange as the Company's independence criteria. In addition, the Company's Board of Directors takes into consideration the achievements, experience, knowledge and other factors of potential candidates, and selects persons who can be expected to contribute to honest, active and constructive discussion as candidates for Independent Outside Directors.

Proposal 2 Election of One (1) Company Auditor

The terms of office of Ms. Hiromi Kusu as Company Auditor will expire at the conclusion of this Annual Shareholders Meeting. Accordingly, the Company proposes the election of one (1) Company Auditor.

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

The candidate is as follows:

| | | |
|--|---|--|
| Hiromi Kusu | (Date of birth: February 13, 1973) | Reelection Outside Company Auditor & Independent Auditor |
| [Past experience, positions and significant concurrent positions] | | Attendance at Board of Directors meetings in the current fiscal year |
| April 1995 | Joined Mukai Hideshi Law Office (currently, Kansai Law Office) | 7 out of 7 meetings |
| March 2007 | Retired from the said law office | Attendance at Board of Company Auditors meetings in the current fiscal year |
| December 2012 | Joined the said law office, admitted to the bar | 11 out of 11 meetings |
| May 2016 | Retired from the said law office | Number of shares of the Company held |
| May 2016 | Representative of K.S. Global Legal Office (currently serving) | 0 |
| September 2018 | Teaching Supervisor at Kindai University Law School (currently serving) | |
| March 2019 | Outside Company Auditor of the Company (currently serving) | |

[Significant concurrent positions]

Representative of K.S. Global Legal Office

Reasons for the nomination as a candidate for Outside Company Auditor

The Company nominated Ms. Hiromi Kusu as a candidate for Outside Company Auditor. The Company finds that she is very well qualified for Outside Company Auditor of the Company, as she owns highly sophisticated insights regarding laws and extensive work experience as an attorney-at-law, and is expected to properly audit performance of duties by Directors and give valuable opinions on the Company's management. The term of office of Ms. Hiromi Kusu as Outside Company Auditor of the Company will be one year at the conclusion of this Annual Shareholders Meeting.

- (Notes)
1. There are no special interests between the candidate and the Company.
 2. Ms. Hiromi Kusu is a candidate for Outside Company Auditor.
 3. The candidate, Ms. Hiromi Kusu, has been notified to the Tokyo Stock Exchange as an Independent Director/Auditor.
 4. The candidate, Ms. Hiromi Kusu, was elected as a substitute for Mr. Takayoshi Notsu, who resigned from the position at the conclusion of the 58th Annual Shareholders Meeting held on March 28, 2019 (assumed the office on March 25, 2016), and assumed the office of Company Auditor. Her term of office will therefore expire at the conclusion of this Annual Shareholders Meeting. Accordingly, the Company proposes her election at this Annual Shareholders Meeting.
 5. The attendance at the Board of Directors meetings and the Board of Company Auditors meetings of the candidate, Ms. Hiromi Kusu, in the 59th fiscal year refers to the meetings held after her assumption of office as Company Auditor on March 28, 2019.

Selection and nomination of Company Auditors

In nominating candidates for Company Auditors, the Company determines the candidate through approval of the Board of Company Auditors and deliberation at Board of Directors meetings, considering professional knowledge, abilities, experience, insights, personalities and other factors necessary to carry out Company Auditor's responsibilities.

Proposal 3 Provision of Retirement Allowance to a Resigning Director

Mr. Hiroyasu Nishikubo will resign from the position of Outside Director due to the expiration of his term of office at the conclusion of this Annual Shareholders Meeting. Therefore, shareholders are requested to give approval to the provision of retirement allowance to Mr. Hiroyasu Nishikubo in compensation for his efforts during his term of office, within a reasonable range of the amount, in accordance with the specified standards of the Company.

The Company requests that the specific amount, timing and method of provision of the retirement allowance be resolved by the Board of Directors.

Past experience of the resigning Director is as follows:

| Name | Past experience |
|---------------------------|--|
| Hiroyasu Nishikubo | March 2013 Outside Director of the Company (currently serving) |

End