

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities Code: 6678

June 10, 2022

To our shareholders:

Masatomo Saneyoshi
President and CEO
Techno Medica Co., Ltd.
5-5-1 Nakamachidai, Tsuzuki-ku, Yokohama-shi,
Kanagawa

Notice of the 35th Annual General Meeting of Shareholders

We are pleased to announce the 35th Annual General Meeting of Shareholders of Techno Medica Co., Ltd. (the “Company”), which will be held as indicated below.

In order to prevent the spread of the novel coronavirus disease (COVID-19), you are recommended to refrain from attending the meeting in person on the meeting date, if at all possible.

Instead of attending the Meeting on the day, you may exercise your voting rights in writing or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders, and indicate your approval or disapproval on the dedicated website for exercising voting rights or indicate your approval or disapproval in the enclosed voting form and return the form by postal mail. Whichever method you choose, please exercise your voting rights so that your vote is received by 5:00 p.m. on Monday, June 27, 2022.

Details

- 1. Date and Time:** Tuesday, June 28, 2022 at 10:00 a.m. (JST)
- 2. Place:** “Charlotte,” 4th floor, Shin Yokohama Grace Hotel
3-6-15 Shinyokohama, Kohoku-ku, Yokohama-shi

3. Purposes:

Matters to be reported: The Business Report and the Financial Statements for the 35th fiscal year (from April 1, 2021 to March 31, 2022)

Matters to be resolved:

<Company’s Proposal (Proposal 1 to Proposal 4)>

Proposal 1: Appropriation of Surplus

Proposal 2: Amendment to the Articles of Incorporation

Proposal 3: Election of Four Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

Proposal 4: Election of Two Directors Who Are Audit and Supervisory Committee Members

<Shareholder’s Proposal (Proposal 5)>

Proposal 5: Appropriation of Surplus

- If any major changes arise regarding the operational procedures and venue of the general meeting of shareholders due to the impact of COVID-19, the Company will post the changed details on the Company’s website (<https://www.technomedica.co.jp/>), which can be accessed via the Internet.
- To provide the protection against COVID-19 infection, if the Company determines that social distancing cannot be secured, or if coughing or sneezing shareholders show up at the venue, the Company may be forced to impose restrictions on entry to the meeting.

- Among the documents required to be disclosed together with this notice, the Notes to the Financial Statements are posted on the Company's website (<https://www.technomedica.co.jp/>), as provided for by the relevant laws and regulations and Article 16 of the Company's Articles of Incorporation. Therefore, the Business Report and the Financial Statements are a portion of the Business Report and the Financial Statements that were audited by the Financial Auditor in preparing the accounting audit report, and the Audit and Supervisory Committee in preparing the audit report.
- If any revisions arise in the Reference Documents for the General Meeting of Shareholders, the Business Report, or the Financial Statements, these will be posted on the Company's website (<https://www.technomedica.co.jp/>).

Reference Documents for the General Meeting of Shareholders

<Company's Proposal (Proposal 1 to Proposal 4)>

Proposal 1: Appropriation of Surplus

The Company regards the distribution of profits to all shareholders as a key management issue. Its basic policy is to distribute results backed up by the business environment and its business performance and to determine an amount of internal reserves.

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

- (1) Type of dividend property
To be paid in cash.
- (2) Allotment of dividend property and their aggregate amount
The Company proposes to pay a dividend of ¥60 per share.
¥60 per common share of the Company
Total dividends: ¥505,214,940
- (3) Effective date of dividends of surplus
The effective date of dividends will be June 29, 2022.

Proposal 2: Amendment to the Articles of Incorporation

1. Reasons for proposal

Accompanying the enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) on September 1, 2022, the system for providing informational materials for the general meeting of shareholders in electronic format is to be introduced, and therefore the Company proposes the following changes to its Articles of Incorporation.

- (1) Since it will be obligatory to stipulate in the Articles of Incorporation that the information contained in the reference documents for the general meeting of shareholders, etc. will be provided in electronic format, the Company will establish newly Article 16 (Measures, etc. for Providing Information in Electronic Format), paragraph (1) of the Proposed Amendments.
- (2) Of the matters for which electronic provision measures are used as to the information contained in the reference documents for the general meeting of shareholders, and the like, so that the scope of matters to be stated in the documents to be delivered to shareholders who requested the issuance of documents can be limited to the scope specified by the Ordinance of the Ministry of Justice, the Company will establish newly Article 16 (Measures, etc. for Providing Information in Electronic Format), paragraph (2) of the Proposed Amendments.
- (3) Since the provisions of Article 16 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) of the current Articles of Incorporation will no longer be required once the system for providing informational materials for the general meeting of shareholders in electronic format is introduced, the Company shall delete said provisions.
- (4) The Company will establish supplementary provisions regarding the effects of the aforementioned newly established or deleted provisions. These supplementary provisions shall be deleted after the date is elapsed.

2. Details of amendment

Details of amendment are as follows.

(Underline indicate amendment)

Current Articles of Incorporation	Proposed Amendments
<p><u>(Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.)</u> <u>Article 16</u> <u>When the Company convenes a general meeting of shareholders, if it discloses information that is to be stated or presented in the reference documents for the general meeting of shareholders, business report, financial statements and consolidated financial statements through the Internet in accordance with the provisions prescribed by the Ministry of Justice Order, it may be deemed that the Company has provided this information to shareholders.</u> (Newly established)</p> <p>(Newly established)</p>	<p>(Deleted)</p> <p><u>(Measures, etc. for Providing Information in Electronic Format)</u> <u>Article 16</u> (1) <u>When the Company convenes a general meeting of shareholders, it shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.</u> (2) <u>Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p>

Current Articles of Incorporation	Proposed Amendments
(Newly established)	<u>(Supplementary Provisions)</u>
(Newly established)	1. <u>The amendment to Article 16 of the Articles of Incorporation shall be effective from September 1, 2022, which is the date of enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the “Date of Enforcement”).</u>
(Newly established)	2. <u>Notwithstanding the provision of the preceding paragraph, Article 16 of the Articles of Incorporation (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) shall remain effective regarding any general meeting of shareholders held on a date within six months from the Date of Enforcement.</u>
(Newly established)	3. <u>These Supplementary Provisions shall be deleted on the date when six months have elapsed from the Date of Enforcement or three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u>

Proposal 3: Election of Four Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

At the conclusion of this meeting, the terms of office of all four Directors (excluding Directors who are Audit and Supervisory Committee Members; hereinafter the same shall apply in this proposal) will expire. Therefore, the Company proposes the election of four Directors.

The Audit and Supervisory Committee has judged that all of the proposed candidates for Director are qualified.

The candidates for Director are as follows:

No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Masatomo Saneyoshi (April 1, 1973)	Apr. 1995 Joined AUTONICS CO., LTD. June 1999 Joined the Company Apr. 2002 General Manager of General Affairs Office June 2009 Director and General Manager of General Affairs Office June 2013 Director and Assistant to President June 2014 President and CEO (current position)	191,000 shares
		[Reasons for nomination as candidate for Director] Masatomo Saneyoshi has broad insights cultivated through his practical business experience and administration work experience at the sales and back-office divisions. He also has experience and ability suitable for the corporate manager of the Company. Therefore, the Company has judged that he will further contribute to the improvement of corporate value, and nominated him as a candidate for Director.	
2	Masato Takeda (February 24, 1962)	Apr. 1986 Joined SANKO SHOKAI CO., LTD. Mar. 1997 Joined the Company Jan. 2004 General Manager of Nagoya Branch Office June 2009 Director, General Manager of West Japan Sales Department and General Manager of Nagoya Branch Office June 2014 Director, General Manager of West Japan Sales Department and General Manager of Osaka Branch Office and Nagoya Branch Office Aug. 2016 Director, General Manager of Sales Division and General Manager of Headquarters Sales Department (current position)	10,600 shares
		[Reasons for nomination as candidate for Director] Masato Takeda has abundant experience gained at the sales division and has played an important role in managing the sales division. Therefore, the Company has judged that he will further contribute to the improvement of corporate value, and nominated him as a candidate for Director.	

No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned	
3	Kazuto Tsugawa (April 16, 1952)	Apr. 1977	Joined Mitsui Toatsu Chemicals, Inc. (current Mitsui Chemicals, Inc.)	4,400 shares
		Apr. 2006	General Manager of Administration Dept. of Wakayama Works of Honshu Chemical Industry Co., Ltd.	
		June 2007	Director, General Manager of Personnel, Legal & Administration Dept. and General Manager of Administration Dept. of Wakayama Works	
		June 2011	Managing Director and General Manager of Personnel, Legal & Administration Dept.	
		June 2016	Retired from Managing Director and General Manager of Personnel, Legal & Administration Dept.	
		June 2017	Director (Full-time Audit and Supervisory Committee Member) of the Company	
		June 2018	Director and General Manager of Corporate Management Division (current position)	
<p>[Reasons for nomination as candidate for Director] Kazuto Tsugawa has abundant knowledge gained at the administration divisions of chemical manufacturers. Therefore, the Company has judged that he will further contribute to the improvement of corporate value as a director in charge of the Company's administration division, and nominated him as a candidate for Director.</p>				
4	Yasushi Nakano (May 23, 1969)	Jan. 1993	Joined A&T Corporation	3,500 shares
		May 2004	Joined the Company	
		Apr. 2009	Manager of Medical Solution Development Department	
		Apr. 2016	General Manager of Medical Solution Development Department of Research and Development Division	
		June 2019	Director, General Manager of Research and Development Division and General Manager of Medical Solution Development Department (current position)	
<p>[Reasons for nomination as candidate for Director] Yasushi Nakano has abundant experience gained at the research and development division and has played an important role in formulating the policy for research and development of the Company. Therefore, the Company has judged that he will further contribute to the improvement of corporate value, and nominated him as a candidate for Director.</p>				

- Notes:
1. There is no special interest between any of the candidates and the Company.
 2. The Company has concluded a liability insurance contract for officers, etc. as set forth in Article 430-3, paragraph (1) of the Companies Act with an insurance company. If the election of candidates for Director is approved, they will continue to be included as the insured under the relevant insurance contract. The next time the relevant insurance contract is renewed, renewal is planned with the relevant content.

Proposal 4: Election of Two Directors Who Are Audit and Supervisory Committee Members

At the conclusion of this meeting, the terms of office of Shinichi Matsuo and Yosuke Yasukata, Directors who are Audit and Supervisory Committee Members, will expire. Therefore, the Company proposes the election of two Directors who are Audit and Supervisory Committee Members. The consent of the Audit and Supervisory Committee has been obtained for this proposal.

Candidates for Directors who are Audit and Supervisory Committee Members are as follows:

No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Shinichi Matsuo (October 11, 1951)	Apr. 1976 Joined Hokko Chemical Industry Co., Ltd. Feb. 2005 General Manager, Overseas Development Sales Dept. Feb. 2011 Director and General Manager of Sales Division of HOKKO SANGYO Co.,LTD. Feb. 2013 Retired from Director and General Manager of Sales Division June 2018 Outside Director (Audit and Supervisory Committee Member) of the Company (current position)	1,100 shares
		[Reasons for nomination as candidate for outside Director and outline of expected role] Shinichi Matsuo has abundant experience gained in the sales divisions, and the like, of chemical product manufacturers. Therefore, the Company expects that he will reflect his insight in the audits of the Company and other things, and would like him to be elected as an outside Director of the Company.	
2	Yosuke Yasukata (December 26, 1957)	Apr. 1993 Registered as an attorney (Dai-Ichi Tokyo Bar Association) Joined Wada Ryujiro Law Office Apr. 2004 Established Tokiwa Partners Law Office Sep. 2016 Outside Director (Audit and Supervisory Committee Member) of the Company (current position) Oct. 2020 Outside Director of Nissho-Industry Co., Ltd. (current position)	1,500 shares
		[Reasons for nomination as candidate for outside Director and outline of expected role] Although Yosuke Yasukata has never been directly involved in business management, he has deep insight as a lawyer and is well versed in corporate legal affairs from experience as corporate counsel at listed companies. Therefore, the Company expects that he will supervise its business operations from a fair and objective standpoint, and would like him to be elected as an outside Director of the Company.	

- Notes:
1. There are no special interests between the respective candidates and the Company.
 2. Shinichi Matsuo and Yosuke Yasukata are candidates for outside Director.
 3. Shinichi Matsuo is currently an outside Director who is an Audit and Supervisory Committee Member of the Company, and at the conclusion of this meeting, his tenure will have been four years.
 4. Yosuke Yasukata is currently an outside Director who is an Audit and Supervisory Committee Member of the Company, and at the conclusion of this meeting, his tenure will have been five years and nine months.
 5. The Company has submitted notification to the Tokyo Stock Exchange that Shinichi Matsuo and Yosuke Yasukata have been designated as independent officers as provided for by the aforementioned exchange. If their reelection is approved, the Company plans that their designation as independent officers is to continue.
 6. Pursuant to Article 427, paragraph (1) of the Companies Act, the Company has entered into agreements with Shinichi Matsuo and Yosuke Yasukata to limit their liability for damages under Article 423, paragraph (1) of the same Act. The maximum amount of liability for damages under these agreements is the minimum liability amount provided for under Article 425, paragraph (1) of the Companies Act. If their reelection is approved at this meeting, the Company plans to renew the aforementioned agreements with them.
 7. The Company has concluded a liability insurance contract for officers, etc. as set forth in Article 430-3, paragraph (1) of the Companies Act with an insurance company. If the election of candidates for Director is approved, they will continue to be included as the insured under the relevant insurance contract. The next time the relevant insurance contract is renewed, renewal is planned with the relevant content.

Skill Matrix of Individual Directors

		Expertise and experience							
	Name	Corporate management/ Business planning	Production and technology /R&D	Global business	Sales/Marketing	Personnel/ Labor	Finance/ Accounting	Legal affairs/ Risk management	Independence
1	Masatomo Saneyoshi	•	•		•	•		•	
2	Masato Takeda	•			•				
3	Kazuto Tsugawa	•		•		•	•	•	
4	Yasushi Nakano	•	•		•				
5	Shinichi Matsuo	•		•					•
6	Yosuke Yasukata							•	•
7	Jun Ozeki						•		•

Note: The above list does not represent all the knowledge of the Directors.

<Shareholder's Proposal (Proposal 5)>

Proposal No. 5 is based on a proposal from a shareholder.

The outline of and the reason for the proposal are posted in the original text.

Proposal 5: Appropriation of Surplus

I Matters that are the purpose of the general meeting of shareholders (proposed agenda)

Appropriation of Surplus

II Outline of and the reason for the proposal

1. Outline of proposal

Disposition of the surplus shall be as follows.

If the Board of Directors of the Company proposes the case of disposition of surplus at this Annual General Meeting of Shareholders, this proposal shall be additionally proposed independently of the relevant proposal.

a. Type of dividend property

Money

b. Dividend per share

The amount after deducting the amount of surplus dividend per share of the Company proposed by the Board of Directors and approved at this Annual General Meeting of Shareholders from ¥118 (or ¥118, if the Board of Directors of the Company does not propose disposition of surplus at this Annual General Meeting of Shareholders)

However, if the amount of basic earnings per share for the 35th fiscal year of the Company rounded down to the nearest whole number (hereinafter referred to as "actual EPS") exceeds ¥118 or falls below ¥118, the amount shall be the amount obtained by deducting the amount of surplus dividend per share of the Company proposed by the Board of Directors and approved at this Annual General Meeting of Shareholders from actual EPS (or actual EPS, if the Board of Directors of the Company does not propose on disposition of surplus at this Annual General Meeting of Shareholders).

c. Allotment of dividend property and the aggregate amount thereof

Dividend amount per share indicated in item b. above, per share of common stock of the Company (the total dividend amount is calculated by multiplying the dividend amount per share by the total number of common shares issued by the Company as of March 31, 2022 (excluding treasury stock))

d. Effective date of dividend of surplus

Date of this Annual General Meeting of Shareholders

e. Dividend payment commencement date

Date three weeks after this Annual General Meeting of Shareholders

2. Reasons for proposal

This proposal intends to use all of the net income of the current fiscal year as dividends.

The capital adequacy ratio of the Company is approx. 85% as of the end of March 2021 and approx. 89% as of the end of September of the same year, which is an extremely high number considering that the Company's main business is research and development, manufacturing, sales, and import and export of clinical laboratory analyzers, and medical devices. Not only does the Company have a high capital adequacy ratio, but it also holds cash-like assets at an unusually high level.

The Company is a fables company that has virtually no manufacturing equipment or bases, and the total amount of capital investment in the past 10 years was less than ¥1 billion. Considering this, the cash and deposits of over ¥11.1 billion currently owned by the Company is considered to be clearly excessive. Therefore, there is no need to reserve any more funds within the Company, and further increases in equity capital would only reduce ROE.

In fact, the Company's ROE was 14.8% in the fiscal period ended March 2014, however it dropped to 7.9% in the fiscal year ended March 2021.

Returning surplus funds to shareholders will increase shareholder value and eventually lead to an increase in the stock price, so dividends from surplus should be significantly increased. In addition, I would like the Company to make the point clear that it will not accumulate equity capital in the medium- to long-term as well by adopting a dividend payout ratio of 100% or more as the capital policy of the Company, not only in the fiscal year ended March 2022 but also thereafter.

<Opinions of the Board of Directors on Proposal No. 5>

The Board of Directors opposes Proposal No. 5 for the following reasons.

<Reason for opposition>

The Company regards the distribution of profits to all shareholders as a key management issue. Its basic policy is to distribute results backed up by the business environment and its business performance and to determine an amount of internal reserves. As for year-end dividends as well, the Company has given comprehensive consideration to matters including the business performance of the fiscal year, future business development and maintaining stable dividends for the decision.

In FY2020 as well, we paid a year-end dividend based on the above idea, with a dividend of ¥51 per share, for a total of ¥434 million. The dividend payout ratio was 37.6%. We have explained that we are aiming at 30% to 40% for the time being, and we plan to maintain stable and high dividends in the future.

In addition, even in the past few years, the amount has increased from ¥43 in FY2016 to ¥45, ¥47, ¥49, and ¥51. During this period, operating income has fluctuated, but the Company has secured a profit of over ¥1 billion, and has continued, and will continue to pay stable dividends.

Furthermore, the Company has been acquiring treasury shares as appropriate. In 2021, it acquired 100,000 shares (total acquisition price of approx. ¥164 million) from November.

In FY2021, the Board of Directors on May 11, 2022 decided to increase the dividend by ¥9 per share to ¥60. As a result, the dividend payout ratio will be 39.8%. In addition, the total return ratio (total dividend payment + total share buyback) ÷ net income x 100) will be 52%. We will continue to buy back our own shares at the right timing.

Even during the past Lehman Crisis, the Great East Japan Earthquake, and the current COVID-19 pandemic, we have not fallen into the red and have always made stable profits. Thankfully, the number of shareholders has increased significantly from 2,000 around 2020 to over 4,000 at the end of the fiscal year ended March 2022. We also recognize that the utilization of cash and deposits is extremely significant for a company of our size from the perspective of credibility outside the company and with our business partners, and we consider it also necessary to hold a certain amount of cash and deposits for risk management in order to continue to grow sustainably while gaining the trust of all stakeholders.

The Company has recently formulated the “2030 Long-term Vision.” (Note). We aim to achieve net sales of ¥15 billion in 2030. To achieve this goal, we will invest in strengthening existing businesses, launching new products, and expanding overseas operations. While aiming to expand our business, we plan to actively implement capital investment including the expansion of the floor space of the building, human resources investment, M&A investment, etc.

In addition, we believe that there will be a considerable demand for funds in response to future risks such as Russia’s invasion of Ukraine, and to BCP (business continuity), as well as to SDGs (United Nations Sustainable Development Goals), ESG (Environment, Society, Corporate Governance), and the revision of CG (Corporate Governance) Code.

Based on the above, we believe that it is important to pay dividends to shareholders in a sustainable and stable manner, and the Board of Directors of the Company is determined to work toward this. We will continue to maintain our shareholder priority policy while aiming to contribute to all stakeholders, including shareholders. Therefore, we judge that this proposal is not consistent with our dividend policy and fund utilization policy and will not contribute to the medium- to long-term improvement of corporate value.

For the above reasons, the Board of Directors of the Company opposes this proposal.

Note: For details on the “2030 Long-term Vision,” kindly refer to the Company’s website below.
<https://www.technomedica.co.jp/>