

May 12, 2022

To Our Shareholders:

Iwao Fusejima, President & CEO

Freund Corporation

6-25-13 Nishi-shinjuku, Shinjuku-ku, Tokyo

Notice of Convocation of the 58th Annual General Meeting of Shareholders

We are pleased to announce the 58th Annual General Meeting of Shareholders of Freund Corporation (the “Company”), which will be held as indicated below.

You may submit your votes by postal mail (in writing) or by using the Internet instead of attending this meeting.

Please review the attached Reference Documents for General Meeting of Shareholders and submit your votes no later than 5:30 p.m., Thursday, May 26, 2022 (JST).

Meeting Details

- 1. Date and Time:** Friday, May 27, 2022, at 10:00 a.m. (Reception starts at 9:00 a.m.)
- 2. Venue:** BELLESALLE Shinjuku Grand Conference Center
Sumitomo Fudosan Shinjuku Grand Tower 5F, 8-17-1, Nishi-shinjuku, Shinjuku-ku, Tokyo

3. Purpose of the Meeting

Matters to be reported

1. The Business Report and the Consolidated Financial Statements for the 58th fiscal year (from March 1, 2021 to February 28, 2022), and the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
2. The Non-consolidated Financial Statements for the 58th fiscal year (from March 1, 2021 to February 28, 2022)

Matters to be resolved

- Proposal No. 1:** Appropriation of Surplus
Proposal No. 2: Partial Amendments to Articles of Incorporation
Proposal No. 3: Election of Five (5) Directors

4. Matters Prescribed for Convocation

- (1) If you do not indicate your approval or disapproval for the proposals on the voting form, the Company will assume that you have voted in favor of the proposal.
- (2) If you vote both by postal mail (in writing) and via the Internet, only your vote placed via the Internet will be valid.
- (3) If you vote multiple times via the Internet, only your last vote will be valid.

* If you are attending the meeting, please submit the enclosed voting form to the reception desk upon arrival. If any revisions are made to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-Consolidated Financial Statements, or the Consolidated Financial Statements, the revised versions will be posted on the Company’s website (<https://www.freund.co.jp>).

Reference Documents for General Meeting of Shareholders

Proposal No. 1: Appropriation of Surplus

The Company proposes the appropriation of surplus as follows.

Maximizing shareholder value is the highest priority of the Company. Our policy is to use the benefits of higher shareholder value for earnings distributions to shareholders while retaining earnings for making the company stronger in order to adapt swiftly and accurately to changes in the operating environment.

The basic policy for the distribution of earnings is to make distributions based on results of operations. The target for the annual consolidated dividend payout ratio is 30%. We will maintain stable distributions while taking into account the need for retained earnings in order to build a stronger base of operations and take actions aimed at growth.

Although earnings in the fiscal year that ended in February 2022 were lower than in the previous fiscal year, we are proposing the payment of an ordinary dividend of 20 yen per share, the same as in the previous fiscal year, based on our policy of consistently paying a stable dividend.

Year-end dividend

1. Type of dividend property

Cash

2. Allotment of dividend property and aggregate amount

¥20 per common stock of the Company

Total dividends will be ¥334,890,400.

3. Effective date of dividend of surplus

May 30, 2022

Proposal No. 2: Partial Amendments to Articles of Incorporation

1. Purpose of amendments to the Articles of Incorporation

(1) The amended provisions stipulated in the proviso of Article 1 in the supplementary provision of the Act Partially Amending the Companies Act (Act No. 70 of 2019) will be enforced on September 1, 2022. Accordingly, the Company proposes to make the following amendments to Article 16 of the current Articles of Incorporation in order to prepare for the introduction of a system of electronic provision of materials for the General Meeting of Shareholders.

- 1) Article 16, Paragraph 1 of the proposed change stipulates that the Company takes the electronic provision measure for information included in the reference documents for General Meeting of Shareholders, etc.
- 2) Article 16, Paragraph 2 of the proposed change provides for limiting the scope of matters to be included in the document to be delivered to shareholders who have requested delivery of the document.
- 3) The provision for the Internet Disclosure and Deemed Provision of Reference Documents for the Shareholders Meeting (Article 16 of the current Articles of Incorporation) shall be deleted as it is no longer necessary.
- 4) Establish supplementary provisions on the effective date, etc. in accordance with these changes.

(2) The proposed amendment to the current Article 31 will allow the exemption of some responsibilities of the Directors, as allowed by laws and regulations, by a resolution of the Board of Directors as stipulated in Article 426, Paragraph 1 of the Companies Act. The purpose is to enable the Directors to perform their duties as expected.

The members of the Audit & Supervisory Board have agreed to this proposed amendment to Article 31.

2. Description of proposed changes

Proposed changes are as follows.

(Revised sections are underlined.)	
Current	Proposed changes
<p><u>(Internet Disclosure and Deemed Provision of Reference Documents for the Shareholders Meeting)</u> <u>Article 16 In connection with the calling of the Shareholders Meetings, the Company may regard that the information concerning the matters to be stated or indicated in the reference documents for shareholders meeting, business reports, non-consolidated financial statements and consolidated financial statements has been submitted to the shareholders, if the information is disclosed through internet in accordance with the provisions in the ordinance of Ministry of Justice.</u></p> <p style="text-align: center;">[New addition]</p>	<p style="text-align: center;">[Deleted]</p> <p>(Electronic Provision Measure, Etc.) <u>Article 16 The Company shall, when convening a Shareholders Meeting, take the electronic provision measure for information included in the reference documents for General Meeting of Shareholders, etc.</u></p>

Current	Proposed changes
<p data-bbox="201 510 625 568">(Exemption from Liability of Directors) Article 31 [New addition]</p> <p data-bbox="328 855 785 1191">Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into agreements with Directors (except directors with executive duties at the Company) to limit their liabilities due to a failure to perform their duties; provided, however, that the limit of liability under these agreements is the amount of liability prescribed by laws and regulations.</p> <p data-bbox="411 1236 574 1263">[New addition]</p>	<p data-bbox="890 232 1396 465"><u>2. Among the matters subject to the electronic provision measure, the Company may choose not to include all or part of the matters stipulated in the ordinance of Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u></p> <p data-bbox="810 510 1396 810">(Exemption from Liability of Directors) Article 31 <u>Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may exempt Directors (including former Directors) from their liabilities to the extent permitted by laws and regulations, based upon by a resolution adopted by the Board of Directors.</u></p> <p data-bbox="890 855 1396 1191"><u>2.</u> Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into agreements with Directors (except directors with executive duties at the Company) to limit their liabilities due to a failure to perform their duties; provided, however, that the limit of liability under these agreements is the amount of liability prescribed by laws and regulations.</p> <p data-bbox="810 1236 1107 1263"><u>(Supplementary Provisions)</u></p> <p data-bbox="817 1267 1396 1675"><u>1. The deletion of Article 16 (Internet Disclosure and Deemed Provision of Reference Documents for the Shareholders Meeting) of the current Articles of Incorporation and the establishment of the proposed Article 16 (Electronic Provision Measure, Etc.) shall come into effect on September 1, 2022, the date of enforcement of the amended provisions stipulated in the proviso of 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></p> <p data-bbox="817 1720 1396 1917"><u>2. Notwithstanding the provisions of the preceding paragraph, Article 16 of the current Articles of Incorporation shall remain in force with respect to a Shareholders Meeting to be held on a date within six (6) months from the Date of Enforcement.</u></p>




Current	Proposed changes
	<p>3. <u>These supplementary provisions shall be deleted on the later of either the day on which six (6) months elapse from the Date of Enforcement or the day on which three (3) months elapse from the day of the Shareholders Meeting set forth in the preceding paragraph.</u></p>

Proposal No. 3: Election of Five (5) Directors

The terms of office of all five (5) Directors will expire at the conclusion of this meeting. Therefore, the Company proposes to elect five (5) Directors including two (2) Outside Directors.

The candidates for Director are as follows:

No.	Name (Date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of the Company shares held
1	 Iwao Fusejima (Dec. 13, 1969)	Nov. 1997 Joined the Company May 2008 Director of the Company Mar. 2010 Managing Director of the Company Mar. 2012 President & CEO of the Company (to present) Sep. 2012 President & CEO of Freund Chemicals, Ltd. Mar. 2013 Chairman & CEO of Freund-Vector Corporation (to present) Apr. 2014 Chairman & CEO of Freund-Turbo Corporation (to present) Nov. 2020 Director of Cos.Mec S.r.l. (to present)	286,700 shares
2	 Masao Wakai (Jul. 29, 1954)	Apr. 1977 Joined Fuji Bank Limited (currently Mizuho Bank, Ltd.) Jan. 1996 Vice President of Fuji Securities Inc. May 2003 Financial General Manager of Accounting Department of Lion Corporation Apr. 2006 General Manager of IR Office of Lion Corporation May 2007 Director, Corporate Officer, General Manager of Corporate Management Department of CMIC Co., Ltd. (currently CMIC Holdings Co., Ltd.) May 2013 Corporate Officer in charge of human resources, general affairs, public relations and intellectual property of Dexerials Corporation Jan. 2016 Joined the Company as a General Manager of the Office of Business Development Mar. 2017 Deputy Division Director of Overseas Sales Division of the Company Sep. 2019 Corporate Officer, General Manager of Corporate Planning Division of the Company Sep. 2019 Director of Freund-Turbo Corporation (to present) Apr. 2020 Director of Freund-Vector Corporation (to present) May 2020 Director, Division Director of Corporate Planning Division of the Company Nov. 2020 Director of Cos.Mec S.r.l. (to present) May 2021 Managing Director, Division Director of Corporate Planning Division of the Company (to present)	12,500 shares

No.	Name (Date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of the Company shares held
3	 Toshiaki Honda (Aug. 19, 1974)	Apr. 1997 Joined the Company Mar. 2014 General Manager of Sales Department, Equipment Division of the Company Mar. 2017 Division Director of Domestic Sales Division of the Company Sep. 2019 Corporate Officer, Division Director of Customer Business Division of the Company (to present) Apr. 2021 Director of Freund-Turbo Corporation (to present) May 2021 Director of the Company (to present)	15,100 shares
4	 Ryuji Nakatake (May. 8, 1973)	Apr. 2001 Joined Mitsubishi Research Institute, Inc. Apr. 2006 Coach of Waseda University Rugby Football Club May 2014 President & CEO of Teambox Inc. (to present) Mar. 2015 Outside Director of jintec Corporation (to present) May 2015 Director of the Company (to present) Dec. 2015 Outside Director of CrowdWorks, Inc. Dec. 2016 Advisor of CrowdWorks, Inc. Jul. 2017 Vice Chief Director of Japan Wheelchair Rugby Federation (to present) Dec. 2017 Representative Director of Sports Coaching Japan (to present) Jun. 2019 Director of Japan Rugby Football Union Jun. 2021 Outside Director of YARUKI Switch Group Holdings Co., Ltd. (to present)	-
5	 Hisashi Tanaka (Jan. 13, 1955)	Apr. 1984 Joined Eisai Co., Ltd. Jun. 2008 Senior Vice President, Head of Clinical Research Center of Eisai Co., Ltd. Aug. 2009 Joined EPS Corporation (currently EPS Holdings, Inc.) Oct. 2018 President and Representative Director, President and Representative Corporate Officer of EPS Holdings, Inc. Oct. 2019 President and Representative Director, President and Corporate Officer of EPS Holdings, Inc. Oct. 2020 Vice Chairman and Corporate Officer of EPS Holdings, Inc. Board Member, Chairman of EPS Corporation Board Member, Chairman and Corporate Officer of EPS International Co., Ltd. May 2021 Director of the Company (to present) Oct. 2021 Special Advisor of EPS Holdings, Inc. (to present)	-

Notes

1. Director candidate Mr. Iwao Fusejima is concurrently the Chairman & CEO of Freund-Vector Corporation, which has a business relationship with the Company. Mr. Fusejima is also the Chairman & CEO of Freund-Turbo Corporation, which has a business relationship with the Company. There are no significant financial relationships with the Company at other companies where Mr. Fusejima concurrently has executive positions.
2. None of the other candidates for Directors has any special conflicts of interest with the Company.
3. Mr. Ryuji Nakatake and Mr. Hisashi Tanaka are the candidates for election as Outside Directors. The Company has designated Mr. Nakatake and Mr. Tanaka as Independent Directors according to the rules of the Tokyo Stock Exchange.
4. The candidates for Outside Directors are as follows:

Shareholders are asked to elect Mr. Nakatake as an Outside Director because he is expected to utilize his considerable experience and knowledge concerning human resource development to provide valuable advice and other assistance concerning people and organizations. This is expected to contribute to strengthening the Company's organization and management.

Shareholders are asked to elect Mr. Tanaka as an Outside Director due to the expectation for his contributions to strengthening corporate governance by using his considerable experience and knowledge concerning corporate management for the oversight of management and provision of advice regarding all aspects of management.

Mr. Nakatake and Mr. Tanaka will have served as Outside Directors for seven years and one year respectively at the conclusion of this General Meeting of Shareholders.
5. Limited liability contracts between the Company and Outside Directors
To enable the Outside Directors to fully perform their duties, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act and the Company's Articles of Incorporation, the Company has entered into a liability limitation agreement with the Outside Directors to limit their liabilities for damages set forth in Article 423, Paragraph 1 of the Companies Act. Pursuant to this agreement, the cap on the liability for damages is the minimum liability amount in Article 425, Paragraph 1 of the Companies Act. If Mr. Nakatake and Mr. Tanaka are reelected, the Company plans to renew this agreement with them.
6. The Company has purchased a liability insurance policy from an insurance company for Directors and Audit & Supervisory Board Members as stipulated in Article 430, Paragraph 3-1 of the Companies Act. The insurance policy pays for damages that may be the responsibility of individuals covered by this policy. However, damages caused by intentional acts or serious negligence are not covered by this policy. If elected, all five (5) Director candidates will be covered by this policy. The insurance policy is scheduled to be renewed with the same terms and conditions at the next renewal. The Company pays the entire cost of these policies.

Reference: Skill Matrix

	Candidate No.	Name	Age	Position	Term of office	Attendance at the Board of Directors /Audit & Supervisory Board meetings	Advisory Committee
							Nomination & Remuneration Committee
Directors	1	Iwao Fusejima	52	President & CEO	14 years	13/13 times	Member of Nomination & Remuneration Committee
	2	Masao Wakai	67	Managing Director	2 years	13/13 times	
	3	Toshiaki Honda	47	Director	1 year	10/10 times	
	4	Ryuji Nakatake	49	Outside Director	7 years	13/13 times	Member of Nomination & Remuneration Committee
	5	Hisashi Tanaka	67	Outside Director	1 year	10/10 times	Chairperson of Nomination & Remuneration Committee
Audit & Supervisory Board Members	-	Sakae Hirano	64	Audit & Supervisory Board Member (full time)	3 years	13/13 times	
						14/14 times	
	-	Sayoko Izumoto	68	Outside Audit & Supervisory Board Member	5 years	13/13 times	Observer of Nomination & Remuneration Committee
						14/14 times	
	-	Kazunari Hamada	48	Outside Audit & Supervisory Board Member	1 year	10/10 times	
						11/11 times	

Note: Attendance for Mr. Honda, Mr. Tanaka and Mr. Hamada are for meetings of the Board of Directors and Audit & Supervisory Board since their election on May 28, 2021.

	Candidate No.	Expected areas of expertise								
		Corporate management	Sales / Marketing	Finance / Accounting	IT / Security	Labor / HR	Legal / Risk management	Global experience	Manufacture / R&D	ESG / Sustainability
Directors	1	●	●					●		
	2	●		●		●	●	●		●
	3		●					●	●	●
	4	●				●				
	5	●			●	●	●	●	●	
Audit & Supervisory Board Members	-	●		●			●	●		●
	-			●	●		●			
	-						●	●		

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