

[Translation for Reference and Convenience Only]

Please note that the following is an unofficial English translation of the Japanese original text of the Notice of Convocation of the 63rd Ordinary General Shareholders' Meeting of Ryosan Company, Limited. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Securities Code: 8140

June 6, 2019

Ryosan Company, Limited

2-3-5 Higashi-Kanda, Chiyoda-ku, Tokyo

Naoto Mimatsu

Representative Director, Executive Chairman

**NOTICE OF CONVOCATION
OF THE 63RD ORDINARY GENERAL SHAREHOLDERS' MEETING**

Dear Shareholders,

Ryosan Company, Limited ("Ryosan" or "the Company") cordially invites you to attend the Company's 63rd Ordinary General Shareholders' Meeting, to be held as set forth below.

In the event you are unable to attend the meeting, you may exercise your voting rights by mail or via the Internet in accordance with the reference materials for the Ordinary General Shareholders' Meeting, by no later than 5:30 p.m. on Monday, June 24, 2019 (Japan Time).

- 1. Date and Time:** Tuesday, June 25, 2019 at 10:00 a.m. (Japan Time)
(Doors are scheduled to open at 9:00 a.m.)
- 2. Place:** 8th Floor Hall of the Ryosan Headquarters Building
2-3-5 Higashi-Kanda, Chiyoda-Ku, Tokyo
- 3. Meeting Agenda:**
- Matters to be Reported:**
1. Reports on the Business Report and the Consolidated Financial Statements, as well as the Results of Audits of Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee for the 63rd Fiscal Year (from April 1, 2018 to March 31, 2019)
 2. Reports on the Non-Consolidated Financial Statements for the 63rd Fiscal Year (from April 1, 2018 to March 31, 2019)
- Matters to be Resolved:**
- Proposal:** Election of Four Directors (excluding Directors, Audit and Supervisory Committee Members)

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- When you attend the meeting, you are kindly asked to submit the enclosed Voting Rights Exercise Form at the reception desk of the meeting hall on the day of the meeting.
 - Pursuant to the provisions of laws and ordinances, as well as Article 17 of the Articles of Incorporation of the Company, the Consolidated Statements of Changes in Net Assets and Notes to Consolidated Financial Statements within the Consolidated Financial Statements, as well as the Non-Consolidated Statements of Changes in Net Assets and Notes to Non-Consolidated Financial Statements within the Non-Consolidated Financial Statements, are available on the Company's website (<https://www.ryosan.co.jp/>). For this reason, these documents are not included in this Notice. In addition, the Consolidated Financial Statements and Non-Consolidated Financial Statements audited by the Accounting Auditor and the Audit and Supervisory Committee consist of the documents provided in this Notice as well as the Consolidated Statements of Changes in Net Assets, Notes to Consolidated Financial Statements, Non-Consolidated Statements of Changes in Net Assets, and Notes to Non-Consolidated Financial Statements posted on the Company's website (<https://www.ryosan.co.jp/>).
 - Should any corrections be made to the Reference Materials for the Ordinary General Shareholders' Meeting, the Business Report, the Consolidated Financial Statements and the Non-Consolidated

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- Financial Statements, such corrections will be announced on the Company's Web site (<https://www.ryosan.co.jp/>).
- Please understand that resolutions in the Ordinary General Shareholders' Meeting will be published on the Company's website (<https://www.ryosan.co.jp/>) in place of sending written notifications to shareholders.

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Reference Materials for the Ordinary General Shareholders' Meeting

Proposal and Reference Matters

Proposal: Election of Four Directors (excluding Directors, Audit and Supervisory Committee Members)

The terms of office of all four current Directors (excluding Directors, Audit and Supervisory Committee Members) end at the close of this General Meeting.

It is therefore proposed that four Directors be elected.

The candidates for Directors listed in this proposal have been carefully examined by the Audit and Supervisory Committee, which came to the conclusion that they are adequate to serve as Directors of the Company.

The candidates for the Directors are as follows:

Candidate No.	Name	Current positions and Responsibilities within the Company	Newly Appointed / Reappointed
1	Hiroyuki Kurihara	Representative Director, President and General Manager, Corporate Planning Headquarters	Reappointed
2	Iwao Sakamoto	Director (Full-time Audit and Supervisory Committee Member)	Newly appointed
3	Masahide Nishiura	Director, Senior Executive Officer, General Manager, Finance and Accounting Headquarters	Reappointed
4	Kazuhiko Inaba	Executive Officer, General Manager, Electronic Components Business Headquarters	Newly appointed

(Note) Mr. Iwao Sakamoto is currently Director (Full-time Audit and Supervisory Committee Member) of the Company and is scheduled to resign from the applicable position at the end of this General Meeting. This proposal is a request for his appointment as Director with the aforementioned as a prerequisite.

<Reference> Director candidate nomination policy and procedure

In order to ensure objectivity and transparency in management, Ryosan has established Nomination and Remuneration Advisory Committee composed of a majority of Outside Directors as a consultative body for the Board of Directors. Director nomination candidates are proposed by the Representative Director and President in consultation with the Nomination and Remuneration Advisory Committee and is approved by the Board of Directors.

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Candidate No.	Name (Date of Birth)	Brief Personal History, Positions and Responsibilities within the Company, and Important Concurrent Positions Held	Shares of the Company Owned
1	Hiroyuki Kurihara (February 27, 1961)	<p>Apr. 1985 Joined the Company</p> <p>June 2012 Director, General Manager, 1st Semiconductor Business Headquarters and General Manager, Sales Administration Headquarters</p> <p>June 2013 Managing Director, General Manager, Sales Administration Headquarters, 3rd Domestic Marketing and Sales Headquarters and 1st Semiconductor Business Headquarters</p> <p>June 2015 Senior Managing Director, General Manager, Corporate Planning Headquarters, Sales Planning and Control Headquarters and 3rd Domestic Marketing and Sales Headquarters</p> <p>June 2016 Director, Senior Managing Executive Officer, General Manager, Sales Planning and Control Headquarters, East Japan Marketing and Sales Headquarters and Corporate Planning Headquarters</p> <p>June 2017 Representative Director, President and General Manager, Corporate Planning Headquarters (present post)</p>	8,200
<p>Reasons for nomination: Ever since joining the Company, Mr. Hiroyuki Kurihara has been involved mainly in Ryosan's semiconductors business. Following experience in positions such as President at an overseas subsidiary and General Manager of Sales Planning and Control Headquarters, he has demonstrated leadership in his current role as Representative Director and President, putting his abundant experience at the Company and wide-ranging knowledge of general management at an electronics trading firm to use in overseeing the Company. He was nominated to be re-elected as Director as he is expected to be highly competent in activities to expedite consolidated management of the Group as a whole and strengthen corporate governance.</p>			
2	Iwao Sakamoto (January 27, 1959)	<p>Jan. 1991 Joined the Company</p> <p>Apr. 2004 General Manager, Sales Administration Department</p> <p>June 2014 Director, General Manager, Administrative Headquarters</p> <p>June 2016 Director (Full-time Audit and Supervisory Committee Member) (present post)</p>	3,600
<p>Reasons for nomination: Since joining the Company, Mr. Iwao Sakamoto was General Manager of Sales Administration Department before moving on to positions such as General Manager of Administration Headquarters. He possesses wide-ranging knowledge and abundant experience related to sales management and business management. His nomination as Director is a request made out of a need for the management skills and thorough knowledge of Ryosan's management which he developed in his previous position as General Manager of Administration Headquarters.</p>			

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Candidate No.	Name (Date of Birth)	Brief Personal History, Positions and Responsibilities within the Company, and Important Concurrent Positions Held	Shares of the Company Owned	
3	Masahide Nishiura (September 15, 1957)	Apr. 1981	Joined Sumitomo Bank., Ltd (currently, Sumitomo Mitsui Banking Corporation)	2,900
		Apr. 2015	Deputy General Manager, Finance and Accounting Headquarters of the Company	
		May 2015	General Manager, Finance and Accounting Headquarters	
		June 2015	Director, General Manager, Finance and Accounting Headquarters	
		June 2016	Director, Senior Executive Officer, General Manager, Finance and Accounting Headquarters (present post)	
	Reasons for nomination: Mr. Masahide Nishiura worked at a financial institution in Japan for many years and engaged in assignments related to finance and accounting. After joining the Company, he served as General Manager of Finance and Accounting Headquarters, carrying out appropriate management supervision using his abundant experience and wide-ranging knowledge related to finance and accounting. He was nominated to be re-elected as Director as he is expected to be highly competent in activities to expedite consolidated management of the Group as a whole and strengthen corporate governance.			
4	Kazuhiko Inaba (June 14, 1967)	Apr. 1990	Joined the Company	1,500
		July 2013	General Manager, 2nd Sales Department	
		June 2017	Executive Officer, General Manager, Electronic Components Business Headquarters (present post)	
	Reasons for nomination: Since joining the Company, Mr. Kazuhiko Inaba was responsible for sales targeted to large companies as General Manager of 2nd Sales Department before moving on to positions such as the Executive Officer and General Manager of Electronic Components Business Headquarters. He has built up abundant experience and wide-ranging knowledge through sales activities and business strategy development and promotion. His nomination as Director is being requested because he is an indispensable human resource for Ryosan's continuous growth in the future.			

Note: None of the candidates have any special interest in the Company.

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Consolidated Balance Sheet

(As of March 31, 2019)

(Millions of yen)

Account	Amount	Account	Amount
ASSETS		LIABILITIES	
Current assets	129,330	Current liabilities	56,185
Cash and deposits	14,580	Accounts payable - trade	29,760
Notes and accounts receivable-trade	62,109	Short-term loans payable	23,268
Merchandise and finished goods	44,676	Lease obligations	173
Work in process	4	Accounts payable - other	1,172
Accounts receivable - other	7,621	Accrued expenses	1,348
Other	373	Income taxes payable	201
Allowance for doubtful accounts	(34)	Other	260
		Non-current liabilities	2,541
		Lease obligations	439
		Deferred tax liabilities	280
		Net defined benefit liability	1,732
		Asset retirement obligations	31
		Other	57
Non-current assets	17,258	Total liabilities	58,726
Property, plant and equipment	9,934	NET ASSETS	
Buildings and structures	3,090	Shareholders' equity	85,846
Land	6,145	Capital stock	17,690
Leased assets	551	Capital surplus	19,114
Other	146	Retained earnings	55,572
Intangible assets	963	Treasury shares	(6,531)
Investments and other assets	6,360	Accumulated other comprehensive income	2,015
Investment securities	4,043	Valuation difference on available-for-sale securities	1,546
Deferred tax assets	205	Deferred gains or losses on hedges	0
Other	2,221	Foreign currency translation adjustment	495
Allowance for doubtful accounts	(109)	Remeasurements of defined benefit plans	(26)
		Total net assets	87,861
Total assets	146,588	Total liabilities and net assets	146,588

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Consolidated Statement of Income

(For the period from April 1, 2018 to March 31, 2019)

(Millions of yen)

Account	Amount	
Net sales		249,688
Cost of sales		229,036
Gross profit		20,651
Selling, general, and administrative expenses		15,414
Operating income		5,236
Non-operating income		
Interest income	27	
Dividend income	85	
Rent income	49	
Miscellaneous income	166	328
Non-operating expenses		
Interest expenses	717	
Share of loss of entities accounted for using equity method	194	
Foreign exchange losses	655	
Miscellaneous loss	23	1,590
Ordinary income		3,974
Extraordinary income		
Gain on sales of non-current assets	0	
Gain on sales of investment securities	44	45
Extraordinary loss		
Loss on valuation of investments in capital	4	
Amortization of goodwill	436	
Customs duty	876	1,317
Profit before income taxes		2,702
Income taxes - current	922	
Income taxes - deferred	299	1,222
Profit		1,480
Profit attributable to owners of parent		1,480

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Non-consolidated Balance Sheet

(As of March 31, 2019)

(Millions of yen)

Account	Amount	Account	Amount
ASSETS		LIABILITIES	
Current assets	90,473	Current liabilities	41,424
Cash and deposits	6,928	Accounts payable - trade	23,366
Notes receivable - trade	955	Short-term loans payable	15,812
Electronically recorded monetary claims - operating	2,677	Lease obligations	173
Accounts receivable - trade	43,277	Accounts payable - other	1,026
Merchandise and finished goods	26,993	Accrued expenses	925
Work in process	4	Other	120
Accounts receivable - other	7,543	Non-current liabilities	1,863
Other	2,103	Lease obligations	439
Allowance for doubtful accounts	(10)	Provision for retirement benefits	1,339
Noncurrent assets	18,162	Asset retirement obligations	31
Property, plant and equipment	9,754	Other	52
Buildings	2,984	Total liabilities	43,287
Structures	6		
Vehicles	0	NET ASSETS	
Tools, furniture and fixtures	87	Shareholders' equity	63,821
Land	6,124	Capital stock	17,690
Leased assets	551	Capital surplus	19,114
Intangible assets	535	Legal capital surplus	19,114
Goodwill	62	Retained earnings	33,548
Telephone subscription right	47	Legal retained earnings	1,371
Software	422	Other retained earnings	32,176
Leased assets	3	General reserve	29,300
Investments and other assets	7,872	Retained earnings brought forward	2,876
Investment securities	3,552	Treasury shares	(6,531)
Shares of subsidiaries and associates	1,674	Valuation and translation adjustments	1,526
Investments in capital	139	Valuation difference on available-for-sale securities	1,526
Investments in capital of subsidiaries and affiliates	494	Deferred gains or losses on hedges	0
Claims provable in bankruptcy, claims provable in rehabilitation and other	3	Total net assets	65,348
Deferred tax assets	532		
Other	1,716	Total liabilities and net assets	108,636
Allowance for doubtful accounts	(236)		
Allowance for investment loss	(5)		
Total assets	108,636		

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Non-consolidated Statement of Income

(For the period from April 1, 2018 to March 31, 2019)

(Millions of yen)

Account	Amount	
Net sales		158,971
Cost of sales		146,590
Gross profit		12,380
Selling, general, and administrative expenses		11,419
Operating income		961
Non-operating income		
Interest income	20	
Dividend income	429	
Consulting fee income	792	
Miscellaneous income	162	1,404
Non-operating expenses		
Interest expenses	497	
Foreign exchange losses	545	
Provision of allowance for doubtful accounts	231	
Commission for purchase of treasury shares	8	
Loss on investments in partnership	0	
Miscellaneous loss	12	1,294
Ordinary income		1,070
Extraordinary income		
Gain on sales of non-current assets	0	
Gain on sales of investment securities	44	
Reversal of allowance for investment loss	5	51
Extraordinary loss		
Loss on valuation of shares of subsidiaries	782	
Loss on valuation of investments in capital	4	786
Profit before income taxes		335
Income taxes - current	205	
Income taxes - deferred	180	386
Profit (loss)		(50)