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NOTICE OF THE 197TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Date and Time: Tuesday, June 27, 2017 at 10 a.m. Japan time

Place: Fourth floor hall in the Chuo-ku NIHONBASHI KOUKAIDO, located at 1-31-1 Nihonbashikakigara-cho, Chuo-ku, Tokyo, Japan
(Please see the map to the meeting at the hall at the end of this document for directions.)

Proposals to be resolved:

Proposal : Election of Four (4) Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

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Daitobo Co., Ltd.
(Securities Code 3202)

Dear Shareholders,

We would like to give our utmost gratitude to our shareholders for their daily support.

We present this notice of convocation for our 197th Annual General Meeting of Shareholders for your perusal.

Performance for the Company Group's 197th term ended with year-on-year growth at all levels of profit from operating income onwards, supported by the textile and apparel business where operating income was achieved for the first time in ten years, thanks to improvement in gross margin rate and reduction in selling, general, and administrative expenses, despite a decrease in revenue associated with structural reforms in the previous term, and also supported by the solid performance of the commercial facility business. These outcomes have been achieved by implementing the management strategy in accordance with our new mid-term management plan commenced on the occasion of the 120th anniversary milestone, "Bridge to the Future."

Furthermore, the Company renamed itself to Daitobo Co., Ltd. as a part of its 120th anniversary project and introduced various new reforms including a special benefit plan for shareholders from the viewpoint of enhancing attractiveness of the Company's shares, etc.

We deeply appreciate our shareholders once again since they are entirely due to your understanding and support.

Moving forward, we continue to make company-wide efforts to undertake managerial initiatives and strive to further improve our corporate value.

We appreciate our shareholders' continued encouragement and support.

May 2017
Kazuhiro Yamauchi
President and Representative Director
Daitobo Co., Ltd.

June 6, 2017

To Shareholders with Voting Rights:

Kazuhiro Yamauchi
President and Representative Director
Daitobo Co., Ltd.
1-6-1 Nihonbashihon-cho, Chuo-ku,
Tokyo, Japan

**NOTICE OF
THE 197TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

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

You are cordially invited to attend the 197th Annual General Meeting of Shareholders of Daitobo Co., Ltd. (the “Company”) and its subsidiaries (collectively, the “Group”). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing or via the Internet. Please review the Reference Documents for the General Meeting of Shareholders (described hereinafter), indicate your vote for or against the proposal on the enclosed Voting Rights Exercise Form, and return it so that it is received by 5 p.m. on Monday, June 26, 2017 Japan time, or, please review the “Instructions for Exercising Voting Rights via the Internet” (on pages 3 to 4, in Japanese) and vote via the Internet.

- 1. Date and Time:** Tuesday, June 27, 2017 at 10 a.m. Japan time
- 2. Place:** Fourth floor hall in the Chuo-ku NIHONBASHI KOUKAIDO, located at 1-31-1 Nihonbashikakigara-cho, Chuo-ku, Tokyo, Japan
(Please see the map to the meeting at the hall at the end of this document for directions.)
- 3. Meeting Agenda:**
 - Matters to be reported:** The Business Report, Non-Consolidated Financial Statements, and Consolidated Financial Statements for the Company’s 197th Fiscal Year (April 1, 2016 - March 31, 2017) and results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements
 - Proposals to be resolved:**
 - Proposal:** Election of Four (4) Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

End

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- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
- Although the Company has prepared small gifts as souvenirs, only one gift will be provided to each shareholder regardless of the number of Voting Rights Exercise Forms presented. We appreciate your understanding.
- Of the documents to be provided with this Convocation Notice, Notes to the Consolidated Financial Statements and Notes to the Non-Consolidated Financial Statements are posted on the Company’s website on the Internet (<http://www.daitobo.co.jp/>) pursuant to provisions of laws and regulations as well as Article 16 of the Articles of Incorporation of the Company.
- Any updates to the Reference Materials for the General Meeting of Shareholders, the Business Report, the

Consolidated Financial Statements, and the Non-Consolidated Financial Statements will be posted on the Company's website on the Internet (<http://www.daitobo.co.jp/>).

Reference Documents for the General Meeting of Shareholders

Proposal: Election of Four (4) Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

The terms of office of all four (4) incumbent Directors (excluding Directors serving as Audit and Supervisory Committee Members) will expire at the conclusion of this year's General Meeting of Shareholders. Accordingly, the election of four (4) Directors (excluding Directors serving as Audit and Supervisory Committee Members) is proposed.

The candidates for Directors (excluding Directors serving as Audit and Supervisory Committee Members) are as follows.

Additionally, the nomination of candidates for Directors (excluding Directors serving as Audit and Supervisory Committee Members), is made via resolution of the Board of Directors with reference to the opinions on the selection of candidates contained in reports from the Advisory Committee, composed primarily of Independent Outside Directors and the President and Vice President, which comprehensively consider factors such as experience, insight, and abilities as managers.

Furthermore, the Audit and Supervisory Committee has judged that the election of each candidate for Director is appropriate as they can be expected to contribute to improving corporate value when taking into account each candidate's possession of deep specialized knowledge, wealth of experience, and suitability as Director, in addition to other factors such as the state of business execution and business results for the fiscal year under review.

| No. | Name (Date of birth) | Career summary, positions, responsibilities at the Company and significant concurrent positions | Number of shares of the Company held |
|-----|--|--|--|
| 1 | Kazuhiro Yamauchi (January 5, 1957) | <p>April 1979 Joined Mitsui Trust and Banking Company, Limited (currently Sumitomo Mitsui Trust Bank, Limited)</p> <p>February 2002 General Manager, Personnel Planning Dept. of Chuo Mitsui Trust and Banking Company, Limited (currently Sumitomo Mitsui Trust Bank, Limited)</p> <p>January 2004 General Manager, Osaka Branch Business Dept. II</p> <p>January 2007 General Manager, Shinjuku Nishiguchi Branch</p> <p>June 2009 Director and General Manager, Corporate Planning Division of the Company</p> <p>August 2010 Managing Director and General Manager, Business Management Headquarters, General Manager, Corporate Planning Division</p> <p>June 2012 Senior Managing Director and General Manager, Business Management Headquarters, Deputy General Manager, Real Estate Headquarters, in charge of internal control</p> <p>July 2013 Director and Senior Managing Executive Officer, General Manager, Business Management Headquarters, General Manager, Personnel Division, in charge of business strategy and internal control</p> <p>June 2015 President and Representative Director (current post) Chairman of DAITOBOSHOKU (SHANGHAI) CORPORATION (current post) (to the present)</p> | 44,000 shares |

| No. | Name (Date of birth) | Career summary, positions, responsibilities at the Company and significant concurrent positions | Number of shares of the Company held |
|-----|---|---|--|
| 2 | Toshiyasu Nomura (February 27, 1952) | <p>March 1974 Joined the Company</p> <p>April 2002 General Manager, Functional Textile Business Division</p> <p>April 2004 Deputy General Manager, Textile Business Headquarters</p> <p>May 2005 President and Director of Niigata Daitobo Co., Ltd.</p> <p>May 2007 President and Director of Daitobo Shinso Co., Ltd.</p> <p>October 2011 General Manager, Functional Textile Sales Division, Sales Headquarters</p> <p>June 2012 Director and General Manager, Functional Textile Sales Division, Sales Headquarters</p> <p>June 2013 Vice President and Director</p> <p>February 2014 Vice President and Director General Manager, Health Care Business Headquarters</p> <p>June 2014 Vice President and Representative Director General Manager, Health Care Business Headquarters</p> <p>April 2015 Vice President and Representative Director Supervising health care business, textile and apparel business</p> <p>June 2015 Vice President and Representative Director (current post) (to the present)</p> | 36,000 shares |
| 3 | Shogo Mieda (February 12, 1969) | <p>April 1990 Joined the Company</p> <p>September 2010 Accounting Group Leader, Administration Division</p> <p>June 2012 General Manager, Corporate Planning Division, Business Management Headquarters</p> <p>June 2015 Director and Executive Officer, General Manager, Business Management Headquarters, in charge of internal control (current post) (to the present)</p> | 7,000 shares |
| 4 | Yasunobu Sawada (January 9, 1953) | <p>April 1976 Joined the Ministry of Labour (currently Ministry of Health, Labour and Welfare)</p> <p>January 1989 Joined A.T. Kearney, Inc. (currently A.T. Kearney K.K.), assigned to Tokyo Office</p> <p>October 1997 Director of Practice Management</p> <p>April 2002 Executive Director of Enterprise IG Japan K.K. (currently Brand Union/WPP Group)</p> <p>July 2003 Representative Director of VieBrand Consulting Inc. (current post)</p> <p>June 2015 Outside Director of the Company (current post) (to the present)</p> | 0 shares |

- (Notes)
1. No special interest exists between the Company and any of the candidates for Directors (excluding Directors serving as Audit and Supervisory Committee Members).
 2. The Company has entered into an agreement with Mr. Yasunobu Sawada, to limit his liability for damages, as stipulated in Article 423, Paragraph 1 of the Companies Act. The limit of liability under this agreement is the minimum liability amount set forth in Article 425, Paragraph 1 of the Companies Act. In the event his election is approved, the Company plans to conclude an agreement to limit liability for damages with him.
 3. Reasons for selecting the candidates for Directors (excluding Directors serving as Audit and Supervisory Committee Members) are as follows:
 - (1) Candidate No. 1
As President and Representative Director of the Company, Mr. Kazuhiro Yamauchi has achievements in leading the overall group with strong leadership for the past two fiscal years, and since he possesses advanced insights and a wealth of experience regarding overall management, he is an essential person for the Company's future management. Thus, the Company has determined that he is appropriate as a candidate for Director of the Company.

(2) Candidate No. 2

As Vice President and Representative Director of the Company, Mr. Toshiyasu Nomura has achievements in undertaking management as supervisor of overall sales and manufacturing divisions, in addition to a wealth of operational experience since joining the company and a wide network of contacts both inside and outside of the company. Thus, the Company has determined that he is appropriate as a candidate for Director of the Company.

(3) Candidate No. 3

As Director of the Company, Mr. Shogo Mieda has achievements in supervising overall administration divisions such as business management and internal control, and has deep knowledge regarding accounting and corporate planning. Thus, the Company has determined that he is appropriate as a candidate for Director of the Company.

(4) Candidate No. 4

Mr. Yasunobu Sawada has served as the chairperson of the Outside Executive Committee as the Company's lead Outside Director, and has fulfilled a central role in strengthening the supervisory functions on the Company's management execution through opinions and advice from various viewpoints regarding the Company's management, utilizing his broad knowledge and advanced insights backed by a wealth of experience in his current position as representative of a consulting firm. Thus, the Company has determined that he is appropriate as a candidate for Outside Director of the Company.

Mr. Yasunobu Sawada is a candidate for Outside Director. The Company has designated him as an independent director stipulated by the Tokyo Stock Exchange and Nagoya Stock Exchange, and registered him with the Exchanges.

Mr. Yasunobu Sawada is currently an Outside Director of the Company and his term of office as an Outside Director will be two (2) years at the conclusion of this General Meeting of Shareholders.

[Criteria for Independence as Defined by the Company]

Candidates for Outside Directors are judged to be independent so long as they are judged not to fall under any of the following categories.

- 1) An executing person of the Company or its subsidiaries
- 2) A party whose major business partner is the Company or an executing person thereof
- 3) A party who is a major business partner of the Company or an executing person thereof
- 4) A consultant, an accounting professional, or a legal professional receiving a significant amount of money or other assets from the Company other than executive remuneration
- 5) A major shareholder of the Company (If the major shareholder is a corporation, an executing person thereof)
- 6) An executing person of a business partner of the Company (who does not fall under any of criteria 2 through 4)
- 7) An executing person of a party which has a mutual relationship with the Company through outside officers
- 8) An executing person of a party who receives donations from the Company
- 9) An individual who has fallen under any of criteria 1 through 8 in the past
- 10) A spouse or a relative within two degrees of kinship of an individual who has fallen under any of criteria 1 through 8

Consolidated Balance Sheet

(As of March 31, 2017)

(Thousands of yen)

| Description | Amount | Description | Amount |
|--|-------------------|---|-------------------|
| (Assets) | | (Liabilities) | |
| Current assets | 3,022,133 | Current liabilities | 1,523,259 |
| Cash and deposits | 1,678,627 | Notes and accounts payable-trade | 384,203 |
| Notes and accounts receivable-trade | 480,554 | Short-term loans payable | 338,400 |
| Inventories | 461,982 | Income taxes payable | 29,762 |
| Deferred tax assets | 60,785 | Provision for bonuses | 32,481 |
| Other | | Provision for shareholder benefit program | 16,338 |
| Allowance for doubtful accounts | (1,110) | Other | 722,073 |
| Non-current assets | 16,071,652 | Non-current liabilities | 13,240,938 |
| Property, plant and equipment | 15,701,243 | Long-term loans payable | 8,807,800 |
| Buildings and structures | 6,166,885 | Lease obligations | 152,183 |
| Land | 9,339,792 | Guarantee deposits received | 1,755,888 |
| Leased assets | 168,982 | Deferred tax liabilities | 279 |
| Other | 25,581 | Deferred tax liabilities for land revaluation | 2,211,637 |
| Intangible assets | 9,417 | Net defined benefit liability | 260,227 |
| Investments and other assets | 360,992 | Asset retirement obligations | 52,923 |
| Investment securities | 280,920 | | |
| Claims provable in bankruptcy, claims provable in rehabilitation and other | 90,173 | Total liabilities | 14,764,197 |
| Other | 76,531 | | |
| Allowance for doubtful accounts | (86,632) | (Net assets) | |
| | | Shareholders' equity | (661,897) |
| | | Capital stock | 1,500,000 |
| | | Capital surplus | 503,375 |
| | | Retained earnings | (2,658,134) |
| | | Treasury shares | (7,138) |
| | | Accumulated other comprehensive income | 4,990,863 |
| | | Valuation difference on available-for-sale securities | (8,352) |
| | | Deferred gains or losses on hedges | 445 |
| | | Revaluation reserve for land | 4,993,002 |
| | | Foreign currency translation adjustment | 5,767 |
| | | Subscription rights to shares | 622 |
| | | Total net assets | 4,329,588 |
| Total assets | 19,093,785 | Total liabilities and net assets | 19,093,785 |

Consolidated Statement of Income

(April 1, 2016 - March 31, 2017)

(Thousands of yen)

| Description | Amount | |
|--|----------|------------------|
| Net sales | | 4,701,997 |
| Cost of sales | | 3,432,247 |
| Gross profit | | 1,269,750 |
| Selling, general and administrative expenses | | 852,681 |
| Operating income | | 417,068 |
| Non-operating income | | |
| Interest income | 80 | |
| Dividend income | 5,586 | |
| Share of profit of entities accounted for using equity method | 12,313 | |
| Other | 55,489 | 73,470 |
| Non-operating expenses | | |
| Interest expenses | 123,640 | |
| Other | 99,297 | 222,937 |
| Ordinary income | | 267,602 |
| Extraordinary income | | |
| Gain on sales of investments in capital | 109,743 | 109,743 |
| Extraordinary losses | | |
| Loss on sales of investments in capital of subsidiaries and associates | 121,977 | |
| Settlement for prepayment | 107,257 | 229,234 |
| Profit before income taxes | | 148,111 |
| Income taxes-current | 57,143 | |
| Income taxes-deferred | (65,112) | (7,968) |
| Profit | | 156,079 |
| Profit attributable to owners of parent | | 156,079 |

Consolidated Statement of Changes in Equity

(April 1, 2016 - March 31, 2017)

(Thousands of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 1,500,000 | 503,375 | (2,812,168) | (7,033) | (815,826) |
| Changes of items during period | | | | | |
| Profit attributable to owners of parent | | | 156,079 | | 156,079 |
| Purchase of treasury shares | | | | (104) | (104) |
| Reversal of revaluation reserve for land | | | (2,046) | | (2,046) |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | - | - | 154,033 | (104) | 153,928 |
| Balance at end of current period | 1,500,000 | 503,375 | (2,658,134) | (7,138) | (661,897) |

| | Accumulated other comprehensive income | | | | | Subscription rights to shares | Total net assets |
|--|---|------------------------------------|------------------------------|---|--|-------------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Revaluation reserve for land | Foreign currency translation adjustment | Total accumulated other comprehensive income | | |
| Balance at beginning of current period | (23,462) | (484) | 4,990,956 | 149,131 | 5,116,141 | - | 4,300,315 |
| Changes of items during period | | | | | | | |
| Profit attributable to owners of parent | | | | | | | 156,079 |
| Purchase of treasury shares | | | | | | | (104) |
| Reversal of revaluation reserve for land | | | | | | | (2,046) |
| Net changes of items other than shareholders' equity | 15,110 | 929 | 2,046 | (143,364) | (125,277) | 622 | (124,655) |
| Total changes of items during period | 15,110 | 929 | 2,046 | (143,364) | (125,277) | 622 | 29,273 |
| Balance at end of current period | (8,352) | 445 | 4,993,002 | 5,767 | 4,990,863 | 622 | 4,329,588 |

Non-Consolidated Balance Sheet

(As of March 31, 2017)

(Thousands of yen)

| Description | Amount | Description | Amount |
|--|-------------------|--|--------------------|
| (Assets) | | (Liabilities) | |
| Current assets | 2,282,570 | Current liabilities | 1,068,952 |
| Cash and deposits | 1,079,584 | Notes payable-trade | 148,423 |
| Notes receivable-trade | 100,455 | Accounts payable-trade | 208,695 |
| Accounts receivable-trade | 276,398 | Short-term loans payable | 338,400 |
| Inventories | 452,395 | Income taxes payable | 20,349 |
| Deferred tax assets | 58,111 | Provision for bonuses | 24,570 |
| Other | 316,735 | Provision for shareholder benefit program | 16,338 |
| Allowance for doubtful accounts | (1,110) | Other | 312,175 |
| Non-current assets | 16,370,882 | Non-current liabilities | 13,223,081 |
| Property, plant and equipment | 15,917,920 | Long-term loans payable | 8,807,800 |
| Buildings and structures | 6,168,371 | Lease obligations | 152,183 |
| Land | 9,549,562 | Guarantee deposits received | 1,760,730 |
| Leased assets | 171,017 | Deferred tax liabilities | 1,077 |
| Other | 28,968 | Deferred tax liabilities for land revaluation | 2,211,637 |
| Intangible assets | 9,053 | Provision for retirement benefits | 243,953 |
| Investments and other assets | 443,908 | Asset retirement obligations | 45,699 |
| Investment securities | 243,368 | Total liabilities | 14,292,033 |
| Shares and investments in capital of subsidiaries and associates | 104,629 | (Net assets) | |
| Long-term loans receivable | 208,982 | Shareholders' equity | (624,299) |
| Claims provable in bankruptcy, claims provable in rehabilitation and other | 90,173 | Capital stock | 1,500,000 |
| Other | 72,887 | Capital surplus | 503,375 |
| Allowance for doubtful accounts | (276,132) | Legal capital surplus | 503,270 |
| | | Other capital surplus | 104 |
| | | Retained earnings | (2,620,536) |
| | | Legal retained earnings | 375,000 |
| | | Other retained earnings | (2,995,536) |
| | | Retained earnings brought forward | (2,995,536) |
| | | Treasury shares | (7,138) |
| | | Valuation and translation adjustments | 4,985,095 |
| | | Valuation difference on available-for-sale securities | (8,352) |
| | | Deferred gains or losses on hedges | 445 |
| | | Revaluation reserve for land | 4,993,002 |
| | | Subscription rights to shares | 622 |
| | | Total net assets | 4,361,418 |
| Total assets | 18,653,452 | Total liabilities and net assets | 18,653,452 |

Non-Consolidated Statement of Income

(April 1, 2016 - March 31, 2017)

(Thousands of yen)

| Description | Amount | |
|--|----------|------------------|
| Net sales | | 3,705,812 |
| Cost of sales | | 2,525,277 |
| Gross profit | | 1,180,535 |
| Selling, general and administrative expenses | | 813,503 |
| Operating income | | 367,031 |
| Non-operating income | | |
| Interest income | 1,194 | |
| Dividend income | 5,586 | |
| Other | 2,594 | 9,375 |
| Non-operating expenses | | |
| Interest expenses | 123,640 | |
| Other | 99,265 | 222,906 |
| Ordinary income | | 153,501 |
| Extraordinary income | | |
| Gain on sales of investments in capital | 109,743 | 109,743 |
| Extraordinary losses | | |
| Loss on sales of investments in capital of subsidiaries and associates | 81,150 | |
| Settlement for prepayment | 107,257 | 188,408 |
| Profit before income taxes | | 74,836 |
| Income taxes-current | 42,504 | |
| Income taxes-deferred | (61,639) | (19,135) |
| Profit | | 93,971 |

Non-Consolidated Statement of Changes in Equity

(April 1, 2016 - March 31, 2017)

(Thousands of yen)

| | Shareholders' equity | | | | | | | | |
|--|----------------------|-----------------------|-----------------------|-----------------------|-------------------------|--|-------------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | | | Retained earnings | | | Treasury shares | Total shareholders' equity |
| | | Legal capital surplus | Other capital surplus | Total capital surplus | Legal retained earnings | Other retained earnings Retained earnings brought forward | Total retained earnings | | |
| Balance at beginning of current period | 1,500,000 | 503,270 | 104 | 503,375 | 375,000 | (3,087,462) | (2,712,462) | (7,033) | (716,119) |
| Changes of items during period | | | | | | | | | |
| Profit | | | | | | 93,971 | 93,971 | | 93,971 |
| Purchase of treasury shares | | | | | | | | (104) | (104) |
| Reversal of revaluation reserve for land | | | | | | (2,046) | (2,046) | | (2,046) |
| Net changes of items other than shareholders' equity | | | | | | | | | |
| Total changes of items during period | - | - | - | - | - | 91,925 | 91,925 | (104) | 91,820 |
| Balance at end of current period | 1,500,000 | 503,270 | 104 | 503,375 | 375,000 | (2,995,536) | (2,620,536) | (7,138) | (624,299) |

| | Valuation and translation adjustments | | | | Subscription rights to shares | Total net assets |
|--|---|------------------------------------|------------------------------|---|-------------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Revaluation reserve for land | Total valuation and translation adjustments | | |
| Balance at beginning of current period | (23,462) | (484) | 4,990,956 | 4,967,009 | - | 4,250,889 |
| Changes of items during period | | | | | | |
| Profit | | | | | | 93,971 |
| Purchase of treasury shares | | | | | | (104) |
| Reversal of revaluation reserve for land | | | | | | (2,046) |
| Net changes of items other than shareholders' equity | 15,110 | 929 | 2,046 | 18,086 | 622 | 18,708 |
| Total changes of items during period | 15,110 | 929 | 2,046 | 18,086 | 622 | 110,529 |
| Balance at end of current period | (8,352) | 445 | 4,993,002 | 4,985,095 | 622 | 4,361,418 |