

**N.B. This is a summary translation of a notice in Japanese addressed to shareholders and is provided merely for the convenience and reference of our international shareholders.**

(Securities Identification Code : 5195)

June 2, 2021

Dear Shareholders:

Mitsutaka Yoshii, President  
**Bando Chemical Industries, Ltd.**  
6-6, Minatojima Minamimachi 4-chome,  
Chuo-ku, Kobe, 650-0047 Japan

**NOTICE OF  
THE 98TH GENERAL MEETING OF SHAREHOLDERS**

Notice is hereby given that the 98th Ordinary General Meeting of Shareholders of Bando Chemical Industries, Ltd. (the “Company”) will be held as outlined below.

If you don’t attend the meeting, you may exercise your voting rights by either of the following methods. Please review the Referential Documents for Exercising Your Voting Rights attached hereto and exercise your voting rights by 5:30 p.m., Tuesday, June 22, 2021:

Exercise of voting rights in written form:

Please indicate your approval or disapproval on the enclosed Exercise of Voting Rights Form and return it so that it will arrive at the Company by the exercise time limit as described above.

Exercise of voting rights via Internet:

Please access the website for the exercise of voting rights designated by the Company (<https://evote.tr.mufig.jp/>) and exercise your voting rights by the exercise time limit as described above.

1. Date and Time : Wednesday, June 23, 2021, at 10:00 a.m.
2. Place : Head Office, 6-6, Minatojima Minamimachi 4-chome,  
Chuo-ku, Kobe, 650-0047 Japan
3. Agenda  
Reports :
  1. Business report and financial statements for the 98th business term (from April 1, 2020 to March 31, 2021)
  2. Auditing results of the consolidated financial statements for the 98th business term (from April 1, 2020 to March 31, 2021) by the Accounting Auditor and Audit and Supervisory Committee

Proposals :

- No.1 : Approval of the proposed appropriation (dividend) of retained earnings for the 98th business term (from April 1, 2020 to March 31, 2021)
- No.2 : Election of five (5) Directors who are not Audit and Supervisory Committee Members
- No.3 : Election of Accounting Auditor

4. Information on Exercising Your Voting Rights :

(1) Exercising your voting rights by proxy

In the event that you are unable to attend the General Meeting of Shareholders, you may appoint another shareholder of the Company to act as proxy and attend on your behalf. Please note, however, that any delegation of your voting rights to a proxy must be presented to the Company in writing.

(2) Treatment of multiple exercise of voting rights

In the event that votes both in written form and via Internet are received from the same shareholder, the Internet vote will be considered as valid. When exercising voting rights via Internet, if multiple votes are made from the same shareholder, the last vote will be considered as valid.

(3) Announcement regarding modifications to financial statements and General Meeting documentation

Necessary notices of modifications to financial statements and documentation in relation to the General Meeting of Shareholders, if any, will be made available on the Company's homepage (<https://www.bandogrp.com>).

– END –

## **Referential Documents for Exercising Your Voting Rights**

1. Total number of voting rights held by shareholders:  
456,562
2. Proposals and referential matters

### **Proposal 1: Approval of the proposed appropriation (dividend) of retained earnings for the 98th business term (from April 1, 2020 to March 31, 2021)**

Our policy is to enhance the return of profits and aim for making stable dividend payments targeting presently the consolidated dividend payout ratio of 30%, while considering our profit and financial position. For this term, considering the amount of earnings, we propose that the year-end dividend be 20.00 yen per share.

Our proposal for the dividends for this business term is as follows;


- (1) The dividends will be made in cash.
- (2) The amount of the year-end dividend will be 20.00 yen per share and the total amount of dividends will be 918,048,080 yen.
- (3) The effective date of payment of dividends shall be June 24, 2021.


**Proposal 2: Election of five (5) Directors who are not Audit and Supervisory Committee Members**


At the end of this meeting, the term of office of all five (5) Directors who are not Audit and Supervisory Committee Members will expire. Accordingly, the Company asks shareholders to elect five (5) Directors who are not Audit and Supervisory Committee Members.


The candidates for Directors who are not Audit and Supervisory Committee Members are as follows:

No.	Name (birth date)	Brief career summary, position, responsibilities in the Company and important current duties		Number of Company shares owned
1	<p>Mitsutaka Yoshii (August 18, 1958)</p> <p>[Reelection]</p>  <p>Board of Directors meeting attendance: 15/15</p>	<p>Apr. 1981    Joined the Company</p> <p>Apr. 1999    General Manager, Automotive Parts Marketing Department, Power Transmission Belt Division</p> <p>May 2003    President, Bando Europe GmbH</p> <p>Apr. 2007    General Manager, Procurement Department, the Company</p> <p>Apr. 2009    General Manager, Corporate Planning Department</p> <p>Apr. 2011    General Manager, Industrial Products Division</p> <p>                President and Director (Representative Director), Bando-Scholtz Corporation</p> <p>Jun. 2011    Director, the Company</p> <p>Apr. 2013    President and Director (Representative Director) (Present)</p>		70,500
<p>The reason for nominating as a candidate for Director</p> <p>While Mr. Mitsutaka Yoshii has been serving as President and Director since April 2013, he demonstrated strong leadership to promote medium- to long-term management plan, and as a chairman of Board of Directors, he has been striving to organize the Board of Directors meetings as a place of constructive and active discussion and exchange of opinion, such as by actively bringing out opinions from Outside Directors. To realize sustainable growth and increase of medium- to long-term corporate value of the Company group, his broad experience in the development of global business and in-depth insight as a corporate manager are required. Therefore, he is nominated continuously as a candidate for Director.</p>				

No.	Name (birth date)	Brief career summary, position, responsibilities in the Company and important current duties		Number of Company shares owned
2	<p>Shinji Kashiwada (February 27, 1962)</p> <p>[Reelection]</p>  <p>Board of Directors meeting attendance: 15/15</p>	<p>Apr. 1985    Joined the Company</p> <p>Nov. 2002    General Manager, Automotive Parts Marketing Department, Tokyo Branch Office, Marketing Division</p> <p>Apr. 2007    General Manager, Osaka Branch Office, Marketing Division</p> <p>Apr. 2009    General Manager, Power Transmission Belt Division</p> <p>Jun. 2011    Director (Present)</p> <p>Apr. 2013    General Manager, Mid-Term Plan Promotion Department and Tokyo Branch Office</p> <p>Apr. 2018    Senior Managing Executive Officer (Present)</p> <p>&lt;Current responsibilities&gt; In charge of Personnel, General Administration, Finance and Accounting, Corporate Information Systems and Working Style Innovation</p>		11,900
<p>The reason for nominating as a candidate for Director</p> <p>While Mr. Shinji Kashiwada has been serving as a Director, he has performed his roles and responsibilities as a Director properly based on his broad experience and insight regarding transmission belt business and new business development, etc. To realize sustainable growth and increase of medium- to long-term corporate value of the Company group, his experience and insight are required. Therefore, he is nominated continuously as a candidate for Director.</p>				

No.	Name (birth date)	Brief career summary, position, responsibilities in the Company and important current duties		Number of Company shares owned
3	<p>Atsushi Someda (February 28, 1963)</p> <p>[Reelection]</p>  <p>Board of Directors meeting attendance: 15/15</p>	<p>Apr. 1987    Joined the Company</p> <p>Apr. 2008    General Manager, Power Transmission Technical Research Center</p> <p>Apr. 2013    General Manager, Automotive Parts Division</p> <p>Jun. 2017    Director (Present)</p> <p>Apr. 2018    Senior Executive Officer (Present)</p> <p>                General Manager, Manufacturing Planning Center (Present)</p> <p>&lt;Current responsibilities&gt;</p> <p>                In charge of Manufacturing, Manufacturing Technology, Quality Control and Logistics</p>		12,800
<p>The reason for nominating as a candidate for Director</p> <p>While Mr. Atsushi Someda has been serving as a Director, he has performed his roles and responsibilities as a Director properly based on his broad experience and insight regarding power transmission technology and transmission belt business, etc. To realize sustainable growth and increase of medium- to long-term corporate value of the Company group, his experience and insight are required. Therefore, he is nominated continuously as a candidate for Director.</p>				

No.	Name (birth date)	Brief career summary, position, responsibilities in the Company and important current duties		Number of Company shares owned
4	<p>Katsuhiko Hata (October 8, 1960)</p> <p>[Reelection]</p>  <p>Board of Directors meeting attendance: 15/15</p>	<p>Apr. 1985    Joined the Company</p> <p>Apr. 2009    General Manager, Research and Development Center</p> <p>Apr. 2013    General Manager, Elastomer Products Business Administrative Headquarters</p> <p>Apr. 2017    Senior Executive Officer (Present)</p> <p>Apr. 2018    General Manager, New Businesses Promotion Center (Present)</p> <p>Jun. 2018    Director (Present)</p>		6,800
<p>The reason for nominating as a candidate for Director</p> <p>While Mr. Katsuhiko Hata has been serving as a Director, he has performed his roles and responsibilities as a Director properly based on his broad experience and insight regarding research and development, new product development, elastomer products business, etc. To realize sustainable growth and increase of medium- to long-term corporate value of the Company group, his experience and insight are required. Therefore, he is nominated continuously as a candidate for Director.</p>				

No.	Name (birth date)	Brief career summary, position, responsibilities in the Company and important current duties		Number of Company shares owned
5	Tomio Ueno (September 2, 1968)  [Reelection]   Board of Directors meeting attendance: 12/12	Apr. 1992    Joined the Company Apr. 2007    General Manager, Automotive Parts Marketing Department, Nagoya Branch Office, Marketing Division Apr. 2011    General Manager, Personnel and General Affairs Department Apr. 2013    General Manager, Marketing and Sales Department, Automotive Parts Division Apr. 2015    Deputy General Manager, Automotive Parts Division, and General Manager, Planning and Control Department Oct. 2017    President, Bando Manufacturing (Thailand) Ltd. Jun. 2020    Director (Present) Apr. 2021    Senior Executive Officer (Present) <Current responsibilities> In charge of Overseas Business		11,200
The reason for nominating as a candidate for Director Mr. Tomio Ueno has been serving as a Director, he has performed his roles and responsibilities as a Director properly based on his broad experience and insight regarding transmission belt business, personnel and general affairs, oversea business, etc. To realize sustainable growth and increase of medium- to long-term corporate value of the Company group, his experience and insight are required. Therefore, he is nominated continuously as a candidate for Director.				

Note:

1. There is no special interest between the Company and the candidates.
2. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The policy covers the amount of indemnification and litigation expenses, etc. incurred by insureds from claims for damage arising from acts committed by the insureds, including the candidates, in their capacity as an officer, etc. of the Company. If the reelection of each candidate is approved, they will continue to be included as an insured in the policy. In addition, the Company plans to renew the said policy with the same content during their terms of office.



**Opinions of the Audit and Supervisory Committee**

In regard to the election, remuneration of the Directors who are not Audit and Supervisory Committee Members, all four Audit and Supervisory Committee Members attended the Nominating Committee and the Compensation Committee and provided their respective opinions. After the discussion at the Audit and Supervisory Committee, the Committee has judged that there are no matters to be pointed out at the General Meeting of Shareholders.

### Proposal 3: Election of Accounting Auditor

At the end of this meeting, the term of office of Deloitte Touche Tohmatsu LLC, the Company's Accounting Auditor, will expire. Therefore, the Company asks shareholders to elect a new Accounting Auditor based on the resolution of the Audit and Supervisory Committee.

The Audit and Supervisory Committee has nominated KPMG AZSA LLC as the candidate for Accounting Auditor because, in consideration of the number of years that the current Accounting Auditor has been performing audits, it is expected that the candidate will conduct audits from a new perspective, and it judged that the candidate is qualified for the role based on a comprehensive evaluation of its independence, expertise, quality control systems, audit fees, etc.

The candidate for Accounting Auditor is as follows:

(As of March 31, 2021)

Name		KPMG AZSA LLC
Office	Main office Number of offices	1-2, Tsukudo-cho, Shinjuku-ku, Tokyo 12
History	Jul. 1969 Jul. 1985  Oct. 1993  Feb. 2003  Jan. 2004  Jul. 2010	Asahi & Co. was established Asahi & Co. and Shinwa Audit Corporation merged to form Asahi Shinwa & Co. Asahi Shinwa & Co. merged with Inoue Saito Eiwa Audit Corporation to form Asahi & Co. AZSA & Co. was established by audit division of KPMG Japan Asahi & Co. merged with AZSA & Co. to form KPMG AZSA & Co. KPMG AZSA & Co. became limited liability company and changed its name to KPMG AZSA LLC
Outline	Capital Personnel      Audit certificate service	3,000 million yen Certified Public Accountant 3,102 Passers of public accountant exam, etc. 988 Audit assistants 1,219 Other employees 746 Total 6,055 3,663 companies

## CONSOLIDATED FINANCIAL STATEMENTS

These Consolidated Financial Statements were publicly released in the Japanese language on May 13, 2021.

### (1) Consolidated statement of financial position

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and cash equivalents	14,493	18,863
Trade and other receivables	20,103	20,467
Inventories	12,851	13,038
Income taxes receivable	17	31
Other financial assets	634	435
Other current assets	722	823
Total current assets	48,822	53,660
Non-current assets		
Property, plant and equipment	33,913	32,880
Goodwill	8,594	8,601
Intangible assets	4,798	4,413
Investments accounted for using equity method	6,039	7,038
Other financial assets	7,010	8,663
Deferred tax assets	524	521
Other non-current assets	594	502
Total non-current assets	61,474	62,622
Total assets	110,297	116,282

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	13,483	14,070
Bonds and borrowings	6,774	8,012
Income taxes payable	348	549
Other financial liabilities	998	876
Provisions	26	5
Other current liabilities	4,198	4,144
Total current liabilities	25,829	27,658
Non-current liabilities		
Bonds and borrowings	14,700	11,987
Retirement benefit liability	777	751
Other financial liabilities	1,611	1,310
Deferred tax liabilities	932	1,654
Other non-current liabilities	2,537	2,157
Total non-current liabilities	20,558	17,860
Total liabilities	46,387	45,519
Equity		
Share capital	10,951	10,951
Capital surplus	3,075	3,075
Retained earnings	52,301	55,857
Treasury shares	- 1,692	- 1,622
Other components of equity	- 988	2,230
Total equity attributable to owners of parent	63,648	70,491
Non-controlling interests	261	271
Total equity	63,909	70,763
Liabilities and equity	110,297	116,282

## (2) Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Revenue	90,247	81,371
Cost of sales	63,181	56,520
Gross profit	27,065	24,851
Selling, general and administrative expenses	21,813	19,912
Other income	245	240
Other expenses	4,123	323
Share of profit of investments accounted for using equity method	682	520
Operating profit	2,056	5,377
Finance income	407	385
Finance costs	368	144
Profit before tax	2,095	5,618
Income tax expense	1,394	1,660
Profit	700	3,958
Profit attributable to		
Owners of parent	682	3,943
Non-controlling interests	18	15
Profit	700	3,958
Earnings per share		
Basic earnings per share	14.93	86.57

## (3) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	700	3,958
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	- 845	1,750
Remeasurements of defined benefit plans	- 27	73
Share of other comprehensive income of investments accounted for using equity method	- 49	64
Total	- 921	1,888
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	- 1,617	1,354
Share of other comprehensive income of investments accounted for using equity method	- 535	595
Total	- 2,153	1,949
Total other comprehensive income	- 3,075	3,838
Comprehensive income	- 2,374	7,796
Comprehensive income attributable to		
Owners of parent	- 2,390	7,777
Non-controlling interests	16	19
Comprehensive income	- 2,374	7,796

## (4) Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of parent						Non-controlling interests	Total
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of parent		
Balance at beginning of period	10,951	3,092	53,147	- 1,346	2,026	67,871	261	68,132
Profit			682			682	18	700
Other comprehensive income					- 3,073	- 3,073	- 2	- 3,075
Total	-	-	682	-	- 3,073	- 2,390	16	- 2,374
Dividends of surplus			- 1,470			- 1,470	- 15	- 1,486
Purchase of treasury shares				- 475		- 475		- 475
Disposal of treasury shares		- 12		126		113		113
Share-based payment transactions		- 3		3		- 0		- 0
Transfer from other components of equity to retained earnings			- 58		58	-		-
Total	-	- 16	- 1,529	- 345	58	- 1,832	- 15	- 1,848
Balance at end of period	10,951	3,075	52,301	- 1,692	- 988	63,648	261	63,909
Profit			3,943			3,943	15	3,958
Other comprehensive income					3,834	3,834	4	3,838
Total	-	-	3,943	-	3,834	7,777	19	7,796
Dividends of surplus			- 1,003			- 1,003	- 9	- 1,012
Purchase of treasury shares				- 2		- 2		- 2
Disposal of treasury shares		- 27		72		44		44
Share-based payment transactions		27				27		27
Transfer from other components of equity to retained earnings			615		- 615	-		-
Total	-	- 0	- 387	69	- 615	- 934	- 9	- 943
Balance at end of period	10,951	3,075	55,857	- 1,622	2,230	70,491	271	70,763

## (5) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before tax	2,095	5,618
Depreciation and amortization	5,995	5,973
Impairment losses	3,274	105
Interest and dividend income	- 376	- 294
Interest expenses	164	137
Share of loss (profit) of investments accounted for using equity method	- 682	- 520
Loss (gain) on sale and retirement of fixed assets	165	81
Decrease (increase) in inventories	47	221
Decrease (increase) in trade and other receivables	1,743	92
Increase (decrease) in trade and other payables	- 2,417	443
Increase (decrease) in retirement benefit liability	- 816	- 41
Increase in equity instruments due to retirement benefit trust return	- 1,355	-
Increase (decrease) in provisions	- 288	- 20
Increase / decrease in other non-current liabilities	2,178	- 383
Other	515	- 95
Subtotal	10,243	11,318
Interest and dividends received	784	469
Interest paid	- 167	- 135
Income taxes paid	- 2,015	- 1,541
Income taxes refund	2	61
Net cash provided by (used in) operating activities	8,847	10,172
Cash flows from investing activities		
Payments into time deposits	- 796	- 668
Proceeds from withdrawal of time deposits	607	883
Purchase of property, plant and equipment	- 4,274	- 3,540
Proceeds from sale of property, plant and equipment	72	59
Purchase of intangible assets	- 617	- 362
Purchase of equity instruments	- 24	- 19
Proceeds from sale of equity instruments	182	918
Payments for acquisition of subsidiaries	- 9,291	-
Other	18	- 38
Net cash provided by (used in) investing activities	- 14,122	- 2,766



(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,608	- 478
Proceeds from short-term borrowings	-	2,000
Repayments of short-term borrowings	-	- 2,000
Proceeds from long-term borrowings	10,500	2,000
Repayments of long-term borrowings	- 7,270	- 3,035
Repayments of lease liabilities	- 1,265	- 1,150
Purchase of treasury shares	- 472	- 0
Proceeds from sale of treasury shares	113	44
Dividends paid to owners of parent	- 1,470	- 1,003
Dividends paid to non-controlling interests	- 15	- 9
Net cash provided by (used in) financing activities	2,726	- 3,633
Effect of exchange rate changes on cash and cash equivalents	- 488	598
Net increase (decrease) in cash and cash equivalents	- 3,036	4,370
Cash and cash equivalents at beginning of period	17,530	14,493
Cash and cash equivalents at end of period	14,493	18,863