

June 1, 2021

To Our Shareholders:

3-6-1 Hiranomachi, Chuo-ku, Osaka

Chugai Ro Co., Ltd.

Akira Ozaki, President

Notice of the 79th Annual Meeting of Shareholders

The Company would hereby like to request shareholders to attend the Company's 79th Annual Meeting of Shareholders as described below.

To prevent the recent spread of the novel coronavirus disease (COVID-19), we hereby announce that the 79th Annual Meeting of Shareholders will be held after implementing appropriate infection-prevention measures.

In view of preventing the spread of infection, and placing top priority on the safety and security of our shareholders, we ask you to refrain from coming to the venue.

You may exercise your voting rights in writing or via the internet, etc. We kindly request you to read the Reference Document for the Annual Meeting of Shareholders described below, complete exercising your voting rights by the deadline of no later than 5:00 p.m., Tuesday, June 22, 2021.

Sincerely yours,

1. Date: 10:00 a.m., Wednesday, June 23, 2021

2. Venue: 2F, SAN, CITYPLAZA OSAKA
2-31 Honmachibashi, Chuo-ku, Osaka

3. Purposes:

Items to be reported:

1. The business report, the consolidated financial statements and the results of consolidated financial statement audits by the Accounting Auditor and the Board of Corporate Auditors for the 79th business period (April 1, 2020 to March 31, 2021)
2. The non-consolidated financial statements for the 79th business period (April 1, 2020 to March 31, 2021)

Items to be resolved:

Item No. 1: Appropriation of Retained Earnings

Item No. 2: Election of Seven (7) Directors

Item No. 3: Election of Two (2) Corporate Auditors

1. Of those documents that need to be appended to this notice, the following materials have been made available on the Company's website (<https://chugai.co.jp/en/>) in accordance with laws and regulations, and Article 17 of the Company's Articles of Incorporation, and are therefore not presented in this notice.

- (1) "Consolidated Statements of Changes in Equity" of the Consolidated Financial Statements
- (2) "Notes to the Consolidated Financial Statements" of the Consolidated Financial Statements
- (3) "Non-consolidated Statements of Changes in Equity" of the Non-consolidated Financial Statements
- (4) "Notes to the Non-consolidated Financial Statements" of the Non-consolidated Financial Statements

Therefore, the Consolidated Financial Statements and Non-consolidated Financial Statements presented in this notice are part of the Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Accounting Auditor and Corporate Auditors when preparing the Audit Report.

- 2. In case any circumstances occur that require revision of the Business Report, the Consolidated Financial Statements, Non-consolidated Financial Statements, and the Reference Document for the Annual Meeting of Shareholders, matters revised will be posted on the Company's website (<https://chugai.co.jp/en/>).
- 3. In case any significant changes occur with regard to the date, time, administration of venue, etc. of this Annual Meeting of Shareholders due to the situation regarding the spread of COVID-19 or government announcements, etc. related to that until the day of the Annual Meeting of Shareholders, a notice will be posted on the Company's website (<https://chugai.co.jp/en/>). Please check the information there.
- 4. If you are attending the Annual Meeting of Shareholders, we kindly ask you to submit the enclosed voting rights exercise form to the receptionist at the venue.
- 5. Shareholders who are coming to the venue are asked to wear masks. As infection-prevention measures may also be taken at the venue of this Annual Meeting of Shareholders, your cooperation would be much appreciated.
- 6. Administration staff will be wearing masks on the date of the Annual Meeting of Shareholders. As in previous years, this Annual Meeting of Shareholders will be held in a Cool Biz style without ties.

Reference Document for the Annual Meeting of Shareholders

Meeting Agenda and Referential Matters

Item No. 1: Appropriation of Retained Earnings

With regard to the appropriation of retained earnings, the Company sets the continuation of a stable dividend as its basic policy while taking business performance into account. By comprehensively considering the earnings status and business environment, etc. of the current fiscal year, the Company proposes to set the year-end dividend for the 79th business period at 60 yen per share as follows:

- 1) Type in which dividends are paid
Cash payment
- 2) Allocation of dividends and total amount of dividends
60 yen per common share of the Company
In this case, the total amount of dividends shall be 460,629,720 yen.
- 3) Effective date on which dividends are disbursed from retained earnings
June 24, 2021

Item No. 2: Election of Seven (7) Directors

The term of office of all ten (10) Directors will expire at the conclusion of this Annual Meeting of Shareholders. Accordingly, shareholders are requested to approve the appointment of seven (7) Directors.

The candidates for Director are as follows.

Candidate No.	Name		Current position and responsibility at the Company and Significant concurrent positions
1	Reappointment	Akira Ozaki	President and Representative Director
2	Reappointment	Shigeki Negoro	Director, General Manager of Business Administration Division
3	Reappointment	Masanori Niiya	Director, General Manager of Converting Technology Division
4	Reappointment	Mamoru Sakata	Director, General Manager of Plant Division
5	Reappointment	Mitsuru Nagahama	Director, General Manager of Heat Treatment Furnace Division
6	Reappointment	Masaaki Nomura	Outside Independent Director Chairman of the Board of Tezukayama Gakuin
7	Reappointment	Ryo Sato	Outside Independent Director

Candidate No. 1	Akira Ozaki (May 31, 1957)	Reappointment
<p>Number of the Company's shares owned 8,100 shares</p> <p>Attendance of the Board of Directors meetings (%) 100% (12/12)</p>	<p>Brief profile, position and responsibility at the Company (Significant concurrent positions)</p> <p>April 1980 Joined the Company</p> <p>April 2003 General Manager of Production Management Department of Product Center of the Company</p> <p>April 2005 Vice Chairman of the Board and Deputy General Manager of Chugai Ro Thermal Engineering (Shanghai) Co., Ltd.</p> <p>January 2008 General Manager of Manufacturing Control Department of Product Center of the Company</p> <p>November 2011 Deputy General Manager of Product Center of the Company</p> <p>April 2013 Executive Officer, General Manager of Product Center of the Company</p> <p>April 2015 Executive Officer, General Manager of Corporate Planning Department, Business Administration Division of the Company</p> <p>June 2016 Director, General Manager of Corporate Planning Office, Business Administration Division of the Company</p> <p>April 2017 Director, General Manager of Heat Treatment Furnace Division of the Company</p> <p>April 2020 President and Representative Director of the Company (incumbent)</p>	
<p>Reasons for Nomination as a Candidate for Director</p> <p>Since assuming office as President and Representative Director of the Company in 2020, Mr. Akira Ozaki has been demonstrating leadership. He is well acquainted with business management through his duty overseeing management as a whole, with managerial experience in overseas subsidiaries. The Company therefore has determined that he can be expected to continuously leverage such abundant experience and knowledge in the management of the Company.</p>		

Candidate No. 2	Shigeki Negoro (November 24, 1958)	Reappointment
<p>Number of the Company's shares owned 3,400 shares</p> <p>Attendance of the Board of Directors meetings (%) 100% (12/12)</p>	<p>Brief profile, position and responsibility at the Company (Significant concurrent positions)</p> <p>April 1981 Joined the Daiwa Bank, Limited (present Resona Bank, Limited)</p> <p>June 2009 Executive Officer of Resona Bank, Limited</p> <p>April 2012 Managing Executive Officer of Resona Bank, Limited</p> <p>April 2013 Senior Managing Executive Officer of Resona Bank, Limited</p> <p>March 2016 Retired from Resona Bank, Limited</p> <p>April 2016 President and Representative Director of Resona Business Service Co., Ltd.</p> <p>March 2017 Retired from Resona Business Service Co., Ltd.</p> <p>April 2017 Advisor of the Company</p> <p>June 2017 Director, Deputy General Manager of Business Administration Division of the Company</p> <p>April 2018 Director, General Manager of Plant Division of the Company</p> <p>April 2020 Director, General Manager of Corporate Planning Department, Business Administration Division of the Company</p> <p>April 2021 Director, General Manager of Business Administration Division of the Company (incumbent)</p>	
<p>Reasons for Nomination as a Candidate for Director</p> <p>Mr. Shigeki Negoro has experience as corporate manager, and work experience and knowledge in business sectors of the Company. The Company therefore has determined that he can be expected to continuously leverage such experience and knowledge in the management of the Company.</p>		

Candidate No. 3	Masanori Niiya	(February 15, 1957)	Reappointment
Number of the Company's shares owned 7,600 shares	Brief profile, position and responsibility at the Company (Significant concurrent positions)		
Attendance of the Board of Directors meetings (%) 100% (12/12)	April 1981	Joined the Company	
	April 2007	General Manager of Display Engineering Department, Display Department of the Company	
	April 2008	General Manager of SA Project Department, Heat Treatment Furnace Department of the Company	
	April 2010	General Manager of NE Department, New Energy Project Division of the Company	
	April 2012	Executive Officer, General Manager of NE Department, New Energy Project Division of the Company	
	April 2013	Executive Officer, General Manager of New Product R&D Division of the Company	
	April 2014	Executive Officer, General Manager of Business Development Office of the Company	
	April 2015	Executive Officer, General Manager of New Business Development Division, Engineering Management Center of the Company	
	June 2016	Director, General Manager of New Business Development Division, Engineering Management Center of the Company	
	April 2017	Director, General Manager of New Business Development Department of the Company	
April 2019	Director, General Manager of Research &Development Division of the Company		
April 2020	Director, General Manager of Converting Technology Division of the Company (incumbent)		
Reasons for Nomination as a Candidate for Director			
Mr. Masanori Niiya has experience and knowledge in the respective sectors of new product development, information and communications. The Company therefore has determined that he can be expected to continuously leverage such work experience and knowledge.			

Candidate No. 4	Mamoru Sakata		(January 19, 1962)	Reappointment
Number of the Company’s shares owned 6,700 shares Attendance of the Board of Directors meetings (%) 100% (12/12)	Brief profile, position and responsibility at the Company (Significant concurrent positions)			
	April 1984	Joined the Company		
	April 2009	General Manager of Engineering Group Department, Plant Department of the Company		
	April 2013	Executive Officer, General Manager of Plant Department of the Company		
	April 2016	Executive Officer, General Manager of Plant Division of the Company		
	June 2016	Director, General Manager of Plant Division of the Company		
	April 2018	Director, General Manager of Corporate Planning Department, Business Administration Division of the Company		
	April 2019	Director, Deputy General Manager of Business Administration Division, and General Manager of Corporate Planning Department, Business Administration Division of the Company		
	April 2020	Director, General Manager of Plant Division of the Company (incumbent)		
Reasons for Nomination as a Candidate for Director Mr. Mamoru Sakata has abundant experience and knowledge in the plant sector, and work experience and knowledge in the planning sector. The Company therefore has determined that he can be expected to continuously leverage such experience and knowledge in the management of the Company.				

Candidate No. 5	Mitsuru Nagahama (August 10, 1957)	Reappointment
<p>Number of the Company's shares owned 3,900 shares</p> <p>Attendance of the Board of Directors meetings (%) 100% (10/10)</p>	<p>Brief profile, position and responsibility at the Company (Significant concurrent positions)</p> <p>April 1983 Joined the Company</p> <p>April 2010 General Manager of Assembly & Maintenance Department, Heat Treatment Furnace Department of the Company</p> <p>April 2013 General Manager of Maintenance Engineering Department, Heat Treatment Furnace Department of the Company</p> <p>April 2016 Executive Officer, General Manager of Maintenance Engineering Department, Heat Treatment Furnace Division of the Company</p> <p>April 2017 Senior Executive Officer, General Manager of Maintenance Engineering Department, Heat Treatment Furnace Division of the Company</p> <p>April 2020 Senior Executive Officer, General Manager of Heat Treatment Furnace Division of the Company</p> <p>June 2020 Director, General Manager of Heat Treatment Furnace Division of the Company (incumbent)</p>	
<p>Reasons for Nomination as a Candidate for Director</p> <p>Mr. Mitsuru Nagahama has abundant experience in the heat treatment furnace business sector. He also has knowledge in the maintenance business which the Company focuses on, demonstrating leadership as the person in charge. The Company therefore has determined that he can be expected to leverage such experience and knowledge in the management of the Company.</p>		

Candidate No. 6	Masaaki Nomura (March 29, 1952)	Reappointment Outside Independent
<p>Number of the Company's shares owned 0 shares</p> <p>Attendance of the Board of Directors meetings (%) 100% (12/12)</p>	<p>Brief profile, position and responsibility at the Company (Significant concurrent positions)</p> <p>April 1974 Joined The Daiwa Bank, Limited (present Resona Bank, Limited)</p> <p>May 2003 President and Representative Director of Resona Bank, Limited</p> <p>June 2007 Vice Chairman and Director of Resona Bank, Limited Chairman and Director of Resona Trust & Banking Co., Ltd. (present Resona Bank, Limited)</p> <p>May 2009 Retired from Resona Bank, Limited</p> <p>June 2010 Asahi Broadcasting Corporation (present Asahi Broadcasting Group Holdings Corporation) Outside Audit and Supervisory Committee Member</p> <p>June 2011 Chairman and Director of New Japan Chemical Co., Ltd.</p> <p>June 2014 Auditor of the Company</p> <p>June 2015 Director of the Company (incumbent) Retired from New Japan Chemical Co., Ltd.</p> <p>July 2015 Chairman of the Board of Tezukayama Gakuin (incumbent)</p> <p>June 2018 Retired from Asahi Broadcasting Group Holdings Corporation (Significant concurrent positions) Chairman of the Board of Tezukayama Gakuin</p>	
<p>Reasons for Nomination as a Candidate for Outside Director and Outline of Expected Roles</p> <p>Mr. Masaaki Nomura has been serving as a representative director in a listed company, and has abundant experience and deep insight and capability as a corporate manager. He has been appropriately supervising the management as an Outside Auditor of the Company from June 2014, and Outside Director of the Company since June 2015. The Company highly rates his experience and capability, and therefore proposes to continuously nominate him as an Outside Director, for he can be expected to supervise and offer effective advice with regard to the management of the Company as a whole as his role if nominated as Outside Director.</p>		

Candidate No. 7	Ryo Sato (April 6, 1947)		Reappointment Outside Independent
Number of the Company’s shares owned 0 shares	Brief profile, position and responsibility at the Company (Significant concurrent positions)		
Attendance of the Board of Directors meetings (%) 100% (12/12)	September 1973	Joined Nippon Kokan K.K. (present JFE Holdings, Inc.)	
	April 2001	General Manager of Solution Engineering Center of JFE Engineering Corporation	
	March 2008	Retired from JFE Engineering Corporation	
	April 2008	Representative Director of Danieli Engineering Japan Ltd.	
	June 2017	Retired from Danieli Engineering Japan Ltd.	
	April 2018	Advisor of the Company	
	June 2019	Director of the Company (incumbent)	
		(Significant concurrent positions)	
	Not applicable		
Reasons for Nomination as a Candidate for Outside Director and Outline of Expected Roles			
Mr. Ryo Sato has abundant experience and broad knowledge as a corporate manager as well as abundant experience in plant business. He has been appropriately supervising the management as an Outside Director since June 2019. The Company highly rates such experience and capability, and therefore proposes to nominate him as an Outside Director, for he can be expected to supervise and offer effective advice leveraging such knowledge as his role if nominated as Outside Director.			

Notes:

1. There are no special conflicts of interest between the candidates and the Company.
2. Mr. Masaaki Nomura and Mr. Ryo Sato are the candidates for Outside Director.
Mr. Masaaki Nomura is currently an Outside Director of the Company, and his term in office as Outside Director will be six years at the conclusion of this Annual Meeting of Shareholders.
Mr. Ryo Sato is currently an Outside Director of the Company, and his term in office as Outside Director will be two years at the conclusion of this Annual Meeting of Shareholders.
3. Based on Article 427, Paragraph 1 of the Companies Act, the Company has concluded an agreement with Mr. Masaaki Nomura and Mr. Ryo Sato which limits their liability for damages as stipulated in Article 423, Paragraph 1, limiting to the minimum liability amount set forth in Article 425, Paragraph 1 of the same act. If both candidates are renominated, the Company will continue the agreement between the two.
4. The Company has concluded a Directors and Officers Liability Insurance Contract (D&O Insurance) stipulated in Article 430-3 of the amended Companies Act (enforced on March 1, 2021) with an insurance company under which all Directors, Corporate Auditors, and Executive Officers of the Company and all of its subsidiaries are the insured. All candidates in the proposal for nomination will become the insured of the same insurance.
5. Mr. Masaaki Nomura and Mr. Ryo Sato are presently notified as independent officers pursuant to the provisions of the Tokyo Stock Exchange, Inc. If renominated as Outside Directors, the Company will continue to notify Tokyo Stock Exchange that they are independent officers pursuant to the said provisions of the Tokyo Stock Exchange, Inc.

Item No. 3: Election of Two (2) Corporate Auditors

Mr. Ikuya Ikeyama will retire by resignation at the conclusion of this Annual Meeting of Shareholders. Accordingly, the Company proposes the nomination of one (1) substitute Corporate Auditor.

Furthermore, to strengthen and enhance the audit function, the Company also proposes the nomination of an additional one (1) Corporate Auditor.

With regard to this agenda item, the consent of the Board of Corporate Auditors has been obtained.

The candidate for Corporate Auditor is as follows.

Candidate No. 1	Kenichiro Nanba		(August 14, 1953)	New Appointment
Number of the Company’s shares owned 9,300 shares Attendance of the Board of Directors meetings (%) 100% (12/12)	Brief profile, position at the Company (Significant concurrent positions)			
	April 1977	Joined the Daiwa Bank, Limited (present Resona Bank, Limited)		
	April 2004	Executive Officer of Resona Bank, Limited		
	October 2005	Managing Executive Officer of Resona Bank, Limited		
	March 2008	Retired from Resona Bank, Limited		
	June 2008	President of DFL Lease Company Limited		
	May 2011	Advisor of the Company		
	June 2011	Director, Deputy General Manager of Business Administration Division of the Company		
	April 2012	Director, General Manager of Business Administration Division of the Company		
	April 2016	Managing Director, General Manager of Business Administration Division, in charge of Tokyo Branch of the Company		
April 2017	Managing Director, in charge of Product Center and Tokyo Branch of the Company			
April 2021	Managing Director, Assistant to President of the Company (incumbent)			
Reasons for Nomination as a Candidate for Auditor Mr. Kenichiro Nanba has abundant experience and deep insight as a corporate manager in the Company and other companies. Having been in charge of the administration sector of the Company, he also has considerable knowledge in finance and accounting. The Company therefore has determined that he can be expected to carry out audit work of the Company.				

Candidate No. 2	Toshiya Araki		(July 21, 1960)	New Appointment
Number of the Company’s shares owned 0 shares Attendance of the Board of Directors meetings (%) - % (- / -)	Brief profile, position at the Company (Significant concurrent positions)			
	April 1983	Joined the Daiwa Bank, Limited (present Resona Bank, Limited)		
	April 2009	Executive Officer of Resona Bank, Limited		
	March 2013	Retired from Resona Bank, Limited		
	April 2013	Director and Managing Executive Officer of J and S Insurance Service Co., Ltd.		
	April 2016	Director and Senior Managing Executive Officer of J and S Insurance Service Co., Ltd.		
	March 2021	Retired from J and S Insurance Service Co., Ltd.		
April 2021	Advisor of the Company (incumbent)			
Reasons for Nomination as a Candidate for Auditor Mr. Toshiya Araki has broad knowledge and experience as a corporate manager in the financial industry. The Company therefore has determined that he can be expected to carry out audit work of the Company through such work experience and knowledge.				

Notes:

1. There are no special conflicts of interest between the candidates and the Company.
2. Mr. Kenichiro Nanba is nominated as a substitute of Corporate Auditor, Mr. Ikuya Ikeyama, who will be retiring. The term of office shall be the remaining term of office of the retired Corporate Auditor as stipulated in the Articles of Incorporation of the Company.
3. The Company has concluded a Directors and Officers Liability Insurance Contract (D&O Insurance) stipulated in Article 430-3 of the amended Companies Act (enforced on March 1, 2021) with an insurance company under which all Directors, Corporate Auditors, and Executive Officers of the Company and all of its subsidiaries are the insured. All candidates in the proposal for nomination will become the insured of the same insurance.

(Reference)

Management Structure after Approval of Proposal 2 and 3 (planned)

	Name	Out side	Areas where expertise may be demonstrated in particular							
			Corporate management	Design, technology, research and development	Sales, marketing	Manufacturing, construction, engineering work	Finance and accounting	Legal affairs, risk management	IT, digital	Global
Director	Akira Ozaki		*			*			*	*
	Shigeki Negoro		*				*	*		
	Masanori Niiya			*					*	
	Mamoru Sakata		*	*						
	Mitsuru Nagahama				*	*				
	Masaaki Nomura	*	*		*		*			
	Ryo Sato	*	*	*						*
Corporate Auditor	Kenichiro Nanba		*		*		*	*		
	Toshiya Araki						*			
	Syozo Seki	*						*		*
	Paul Ch'en	*						*		*

The above list indicates areas of expertise that each candidate is more knowledgeable in based on experience, etc. It does not fully cover the knowledge each possesses.