

Note: Please note that the following is an English translation of the original Japanese version, prepared only for the convenience of non-Japanese speaking shareholders. In the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.

Securities Code: 1964

June 6, 2022

To All Shareholders:

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

**Chugai Ro Co., Ltd.**

Akira Ozaki, President

## **Notice of Convocation of FY2021 Ordinary General Meeting of Shareholders**

Dear Shareholders,

Please refer to the following for information about the upcoming FY2021 Ordinary General Meeting of Shareholders of Chugai Ro Co., Ltd. We hope that you will be able to attend this meeting.

To prevent the recent spread of the novel coronavirus disease (COVID-19), we hereby announce that the 80th 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, and after referring to the “Guidance Notes on the Exercise of Voting Rights” on page 3 onward, please exercise your voting rights by no later than the close of business (5:00 p.m.) on Monday, June 27, 2022 (Japan time).**

Sincerely yours,

- |                               |   |
|-------------------------------|---|
| <b>1. Date:</b>               | 10:00 a.m., Tuesday, June 28, 2022  |
| <b>2. Venue:</b>              | 2F, SAN, CITYPLAZA OSAKA<br>2-31 Honmachibashi, Chuo-ku, Osaka, Japan   |
| <b>3. Meeting Agenda:</b>     |   |
| <b>Reports:</b>               | <ol style="list-style-type: none"><li>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 80th business period (April 1, 2021 to March 31, 2022)</li><li>2. The non-consolidated financial statements for the 80th business period (April 1, 2021 to March 31, 2022)</li></ol> |
| <b>Resolutions:</b>           |   |
| <b>Proposed Resolution 1:</b> | Distribution of Surplus   |
| <b>Proposed Resolution 2:</b> | Partial Amendments to Articles of Incorporation   |
| <b>Proposed Resolution 3:</b> | Election of One (1) Director  |

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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 highly 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: Distribution of Surplus

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 80th business period at 70 yen per share as follows:

- 1) Type in which dividends are paid

Cash payment

- 2) Allocation of dividends and total amount of dividends

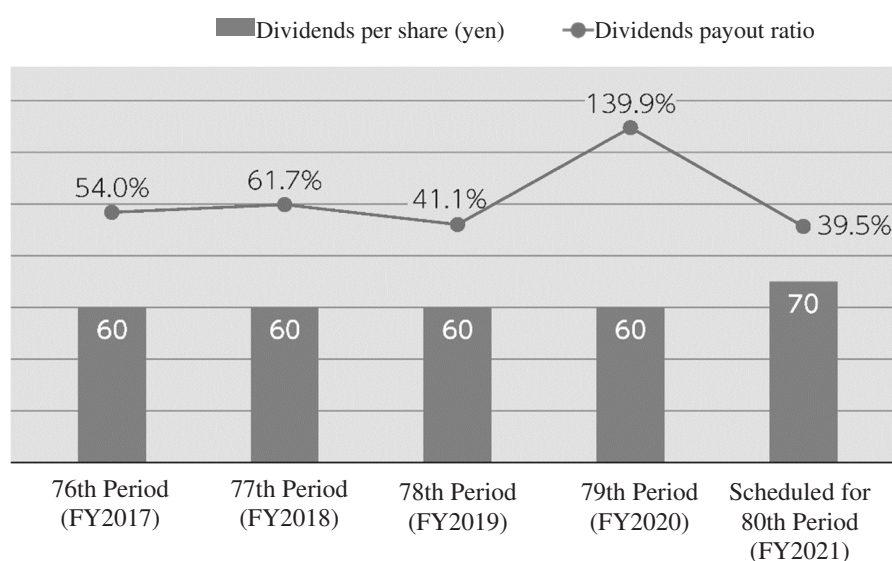
70 yen per common share of the Company

In this case, the total amount of dividends shall be 537,311,880 yen.

- 3) Effective date on which dividends are disbursed from retained earnings

June 29, 2022

(Reference) Dividends per share (yen) and payout ratio



- (Note) 1. In the 77th Period, the Company repurchased treasury shares amounting to 195 million yen in addition to dividends. Repurchase of 150 million yen of treasury shares is also expected in the 81st Period.
2. In the Chugai Ro Group Medium-Term Management Plan (FY2022–FY2026), the Company has set a basic policy of stable dividends, aiming for a total return ratio of 50% or more, including share buybacks.

**Item No. 2: Partial Amendments to Articles of Incorporation**

The Company proposes to amend its Articles of Incorporation as follows.

1. Reasons for Proposal

- (1) Accompanying the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) to be enforced on September 1, 2022, the system of electronic provision of documents for the Annual Meeting of Shareholders will be introduced. The Company thereby proposes to make the following amendments to the Articles of Incorporation.
  - (i) Article 17 (Electronic Provision Measures, Etc.), Paragraph 1 of the Proposed Amendments will be newly established as the Company is required to stipulate in the Articles of Incorporation that electronic provision measures shall be taken with respect to information contained in the Reference Documents for the Annual Meeting of Shareholders, etc.
  - (ii) Regarding matters for which the electronic provision measure is taken for information in Reference Documents for the Annual Meeting of Shareholders, etc., Paragraph 2 of Article 17 (Measures, etc. for Providing Information in Electronic Format) shall be newly established to limit the scope of matters to be included in the documents to be delivered to shareholders who have requested the documents to be delivered to them to that specified by the applicable Ordinance of the Ministry of Justice
  - (iii) Article 17 (Internet Disclosure and Deemed Provision of Reference Documents for the Annual Meeting of Shareholders, Etc.) of the current Articles of Incorporation shall be deleted as it will become unnecessary once the system of electronic provision of documents for the General Meeting of Shareholders is introduced.
  - (iv) Supplementary provisions shall be established regarding the effect of the above newly established and deleted provisions. These Supplementary Provisions shall be deleted after the elapse of the expiration date.
- (2) Article 25 of the current Articles of Incorporation is to be amended to reflect the Company's actual situation.

## 2. Details of Amendments

Details of amendments of the Articles of Incorporation are as follows.

(Underlines indicate changes.)

Current Articles of Incorporation	Proposed Amendment
<p>Article 1 to Article 16 (Omitted)</p> <p><u>Article 17 (Internet Disclosure and Deemed Provision of Reference Documents for the Annual Meeting of Shareholders, Etc.)</u>  <u>The Company may, at the time of convening an Annual Meeting of Shareholders, be deemed to have disclosed information to shareholders pertaining to matters to be stated or indicated in the Reference Documents for the Annual Meeting of Shareholders, the Business Report, the Non-consolidated Financial Statements, and the Consolidated Financial Statements via the Internet in accordance with the provisions of the applicable Ordinance of the Ministry of Justice.</u></p> <p>(New)</p>	<p>Article 1 to Article 16 (As it is)</p> <p>(Deleted)</p> <p><u>Article 17 (Measures, etc. for Providing Information in Electronic Format)</u>  <u>The Company shall, at the time of convening an Annual Meeting of Shareholders, take measures to electronically provide information in the Reference Documents for the Annual Meeting of Shareholders, etc.</u>  <u>(ii) The Company may omit all or part of the matters for which electronic provision measures are taken under the Ordinance of the Ministry of Justice from the documents to be delivered to shareholders who have requested for the delivery of documents by the Record Date of voting rights.</u></p>
<p>Article 18 to Article 24 (Omitted)</p>	<p>Article 18 to Article 24 (As it is)</p>
<p>Article 25 (Corporate Adviser and Senior Corporate Adviser)</p> <p>The Board of Directors may appoint one or more Corporate Advisers and Senior Corporate Advisers as deemed necessary.</p>	<p>Article 25 (<u>Honorary Chairman, Special Corporate Adviser</u>, Corporate Adviser and Senior Corporate Adviser)  The Board of Directors may appoint one or more <u>Honorary Chairmen, Special Corporate Advisers</u>, Corporate Advisers and Senior Corporate Advisers as deemed necessary.</p>

(Underlines indicate changes.)

Current Articles of Incorporation	Proposed Amendment
<p>Articles 26 to 39 (Omitted) Supplementary Provisions</p> <p>The effective date of the amendments to Articles 6 and 8 shall be the date when the reverse stock split pertaining to the Proposal of the 75th Annual Meeting of Shareholders held on June 22, 2017 takes effect. These Supplementary Provisions shall be deleted after the effective date of said reverse stock split.</p> <p>(New)</p>	<p>Articles 26 to 39 (As it is) Supplementary Provisions</p> <p><u>Article 1</u> The effective date of the amendments to Articles 6 and 8 shall be the date when the reverse stock split pertaining to the Proposal of the 75th Annual Meeting of Shareholders held on June 22, 2017 takes effect. These Supplementary Provisions shall be deleted after the effective date of said reverse stock split.</p> <p><u>Article 2</u> <u>The deletion of Article 17 (Internet Disclosure and Deemed Provision of Reference Documents for the Annual Meeting of Shareholders) in the Articles of Incorporation before amendment and the establishment of the new Article 17 (Measures for Electronic Provision of Information, Etc.) in the Articles of Incorporation after amendment shall be effective from September 1, 2022, the date of enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (the “Date of Enforcement”).</u> <u>(ii) Notwithstanding the provision of the preceding paragraph, Article 17 of the Articles of Incorporation before amendment shall remain effective regarding any annual meeting of shareholders held on a date within six months from the Date of Enforcement.</u> <u>(iii) This article shall be deleted on the date when six months have elapsed from the Date of Enforcement or three months have elapsed from the date of annual meeting of shareholders in the preceding paragraph, whichever is later.</u></p>

### Item No. 3: Election of One (1) Director

To strengthen and enhance the management, the Company proposes the election of one Director. The term of office of Director elected at this Annual Meeting of Shareholders will expire at the end of the term of office of other incumbent Directors, in accordance with the provisions of the Company's Articles of Incorporation.

The candidate for Director is as follows.

Candidate	Yoko Tsujimoto		(May 21, 1958)	New Appointment Outside Independent
Number of the Company's shares owned 0 shares  Attendance of the Board of Directors meetings (%) -% (-/-)	Brief profile, position and responsibility at the Company (Significant concurrent positions)			
	April 1981	Joined the Daiwa Bank, Limited (present Resona Bank, Limited)		
	April 2004	Transferred to D&I Information System, Inc. (present Resona Digital I, Inc.)		
		Seconded to Resona Bank, Limited		
	January 2006	Seconded to IBM Japan, Ltd.		
	January 2007	Retired from D&I Information System, Inc.		
	February 2007	Joined Sumitomo Trust Bank Limited (present Sumitomo Mitsui Trust Bank Limited)		
	April 2017	Head of Internal Audit Department		
	May 2018	Retired from Sumitomo Mitsui Trust Bank Limited		
	June 2018	Senior Internal Auditor of Sumitomo Mitsui Trust Bank Limited (current position)		
Reasons for Nomination as a Candidate for Outside Director and Outline of Expected Roles Yoko Tsujimoto has long been involved in the Systems and Auditing divisions and has a wealth of expertise and experience, and we have judged that she can be expected to apply this wealth of knowledge and experience to management in her position as Director in the future. Although Ms. Tsujimoto has never been involved in corporate management other than as Outside Director or Outside Audit and Supervisory Board Member, we have judged that she will be able to appropriately perform the duties of Outside Director for the reasons stated above.				

#### Notes:

1. She is a candidate for Outside Director. There is no special conflict of interest between the candidate and the Company.
2. The Company has notified her as an independent officer as stipulated by the Tokyo Stock Exchange, and if this agenda item is approved as proposed, she is scheduled to be an independent officer.
3. If the Proposal is approved and she is appointed as Outside Director, the Company will, pursuant to Article 427, Paragraph 1 of the Companies Act, enter into an agreement with her to limit the liability for damages under Article 423, Paragraph 1 of the same Act. The maximum amount of liability for damages under the agreement is the minimum amount stipulated by law.
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. An outline of the insurance contract is as stated on page 31 (4. Outline of details of Directors and Officers Liability Insurance Contract).

### Management Structure after Approval of Proposal 3 (planned)

	Name	Outside	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	*	*	*						*
	Yoko Tsujimoto	*						*	*	
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.