

**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 4, 2019

Dear Shareholders:

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

**NOTICE OF  
THE 96TH GENERAL MEETING OF SHAREHOLDERS**

We take pleasure in inviting you to attend the 96th Ordinary General Meeting of Shareholders of Bando Chemical Industries, Ltd. (the “Company”), which will be held as outlined below.

If you are unable to attend, 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., Monday, June 24, 2019:

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 : Tuesday, June 25, 2019, 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 96th business term (from April 1, 2018 to March 31, 2019)
  2. Auditing results of the consolidated financial statements for the 96th business term (from April 1, 2018 to March 31, 2019) by the Accounting Auditor and Audit and Supervisory Committee

Proposals :

- No.1 : Approval of the proposed appropriation (dividend) of retained earnings for the 96th business term (from April 1, 2018 to March 31, 2019)
- No.2 : Election of four (4) Directors who are not Audit and Supervisory Committee Members

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>).

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

1. Total number of voting rights held by shareholders:

461,472

2. Proposals and referential matters

### **Proposal 1: Approval of the proposed appropriation (dividend) of retained earnings for the 96th business term (from April 1, 2018 to March 31, 2019)**

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 16.00 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 16.00 yen per share and the total amount of dividends will be 742,120,208 yen.
- (3) The effective date of payment of dividends shall be June 26, 2019.


**Proposal 2: Election of four (4) Directors who are not Audit and Supervisory Committee Members**

At the end of this meeting, the term of office of all four (4) Directors who are not Audit and Supervisory Committee Members will expire. Accordingly, the Company asks shareholders to elect four (4) 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: 16/16</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> <p>(Important current duties)</p> <p>Chairperson, Kobe Association of Corporate Executives</p>		54,800
<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 in-depth experience in the development of global belt business and 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: 16/16</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; Administration of Head Office, and in charge of Working Style Innovation</p>		9,700
<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: 16/16</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) General Manager, Manufacturing Planning Center (Present)</p> <p>&lt;Current responsibilities&gt; In charge of Manufacturing, Manufacturing Technology, Quality Control and Logistics</p>		6,500
<p>The reason for nominating as a candidate for Director</p> <p>Mr. Atsushi Someda has broad experience and insight gained as an engineer working on power transmission belt products and has demonstrated his leadership and management skill while serving as the General Manager of the Automotive Parts Division. Furthermore, at Board of Directors meetings, he has performed his roles and responsibilities as a Director properly based on the aforementioned insight and capabilities. 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: 13/13</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> <p>&lt;Current responsibilities&gt; In charge of New Businesses</p>		4,300
<p>The reason for nominating as a candidate for Director</p> <p>For many years, Mr. Katsuhiko Hata was in charge of the Company's research and development and development of new products as the General Manager of the Research and Development Center. In addition, he was in charge of the Elastomer Products Business as the General Manager of the Administrative Headquarters and contributed to the growth of the said business. To realize sustainable growth and increase of medium- to long-term corporate value of the Company group, his experience and insight as an engineer and a manager of operations of the Company group are required. Therefore, he is nominated continuously as a candidate for Director.</p>				

Note: There is no special interest between the Company and the candidates.

#### 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.

## CONSOLIDATED FINANCIAL STATEMENTS

These Consolidated Financial Statements were publicly released in the Japanese language on May 13, 2019.

### (1) Consolidated balance sheet

(Millions of yen)

	2018/03/31	2019/03/31
<b>Assets</b>		
Current assets		
Cash and deposits	18,947	18,000
Notes and accounts receivable-trade	18,950	18,425
Electronically recorded monetary claims-operating-CA	2,834	3,292
Merchandise and finished goods	7,099	7,552
Work in process	1,708	1,919
Raw materials and supplies	3,080	3,313
Other-CA	1,182	1,228
Allowance for doubtful accounts-CA-by group	-37	-24
Current assets	53,767	53,708
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,724	9,912
Machinery, equipment and vehicles, net	9,839	9,662
Land	6,416	6,377
Construction in progress	1,794	1,726
Other, net-PPE	1,634	1,670
Property, plant and equipment	29,409	29,348
Intangible assets		
Goodwill	64	54
Software	734	709
Other-IA	764	656
Intangible assets	1,563	1,419
Investments and other assets		
Investment securities	12,443	11,560
Retirement benefit asset	—	0
Deferred tax assets	501	1,183
Other-IOA	1,448	1,436
Allowance for doubtful accounts-IOA-by group	-142	-142
Investments and other assets	14,249	14,038
Non-current assets	45,222	44,806
Assets	98,990	98,515



(Millions of yen)

	2018/03/31	2019/03/31
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	9,966	8,495
Electronically recorded obligations-operating-CL	4,441	4,487
Short-term loans payable	2,921	2,768
Income taxes payable	925	695
Provision for product compensation	—	315
Stock-based compensation intends reserves	15	—
Other-CL	6,773	6,407
Current liabilities	25,043	23,170
Non-current liabilities		
Long-term loans payable	3,226	1,635
Bonds payable	6,000	6,000
Stock-based compensation reserve-NCA	39	72
Retirement benefit liability	1,123	1,909
Other-NCL	162	229
Non-current liabilities	10,552	9,847
Liabilities	35,595	33,017
<b>Net assets</b>		
Shareholders' equity		
Capital stock	10,951	10,951
Capital surplus	2,995	2,995
Retained earnings	49,371	52,579
Treasury shares	-1,421	-1,326
Shareholders' equity	61,897	65,200
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,552	1,682
Foreign currency translation adjustment	-1,545	-1,753
Remeasurements of defined benefit plans	257	111
Valuation and translation adjustments	1,265	40
Non-controlling interests	231	256
Net assets	63,394	65,497
Liabilities and net assets	98,990	98,515

## (2) Consolidated statement of income

(Millions of yen)

	2017/04/01 2018/03/31	2018/04/01 2019/03/31
Net sales	91,263	94,157
Cost of sales	63,731	66,550
Gross profit (loss)	27,532	27,607
Selling, general and administrative expenses	21,196	21,215
Operating profit (loss)	6,336	6,392
Non-operating income		
Interest and dividend income-NOI	272	324
Share of profit of entities accounted for using equity method-NOI	476	825
Other-NOI	348	518
Non-operating income	1,097	1,668
Non-operating expenses		
Interest expenses-NOE	207	173
Foreign exchange losses-NOE	339	—
Loss on retirement of non-current assets-NOE	112	165
Other-NOE	175	164
Non-operating expenses	836	504
Ordinary profit (loss)	6,598	7,556
Extraordinary losses		
Impairment loss-EL	184	166
Loss on abolishment of retirement benefit plan-EL	—	806
Provision for product compensation-EL	—	315
Extraordinary losses	184	1,288
Profit (loss) before income taxes	6,413	6,267
Income taxes-current	1,674	1,758
Income taxes-deferred	-92	-168
Income taxes	1,582	1,590
Profit (loss)	4,831	4,677
Profit (loss) attributable to non-controlling interests	35	31
Profit (loss) attributable to owners of parent	4,795	4,645

## (3) Consolidated statement of cash flows

(Millions of yen)

	2017/04/01 2018/03/31	2018/04/01 2019/03/31
Cash flows from operating activities		
Profit (loss) before income taxes	6,413	6,267
Depreciation-OpeCF	4,383	4,439
Amortization of goodwill and negative goodwill-EL	9	9
Impairment loss-OpeCF	184	166
Increase (decrease) in allowance for doubtful accounts-OpeCF	-4	-6
Increase (decrease) in Stock-based compensation reserve-OpeCF	26	17
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates-OpeCF	-10	—
Increase (decrease) in provision for product compensation-OpeCF	—	315
Increase (decrease) in retirement benefit liability - OpeCF	80	584
Interest and dividend income-OpeCF	-272	-324
Interest expenses-OpeCF	207	173
Foreign exchange losses (gains)-OpeCF	66	-93
Share of loss (profit) of entities accounted for using equity method - OpeCF	-476	-825
Loss (gain) on sales and retirement of non-current assets-OpeCF	109	154
Decrease (increase) in notes and accounts receivable-trade-OpeCF	-1,189	-1
Decrease (increase) in inventories-OpeCF	-1,032	-975
Increase (decrease) in notes and accounts payable-trade-OpeCF	1,749	-1,405
Other, net-OpeCF	193	-493
Subtotal-OpeCF	10,438	8,004
Interest and dividend income received-OpeCF/InvCF	672	700
Interest expenses paid-OpeCF/FinCF	-215	-172
Income taxes paid-OpeCF	-1,912	-2,038
Income taxes refund-OpeCF	12	5
Net cash provided by (used in) operating activities	8,995	6,498
Cash flows from investing activities		
Decrease (increase) in time deposits-InvCF	125	-8
Purchase of property, plant and equipment-InvCF	-4,464	-3,960
Proceeds from sales of property, plant and equipment-InvCF	30	29
Purchase of intangible assets-InvCF	-575	-448
Purchase of investment securities-InvCF	-50	-21
Proceeds from sales of investment securities-InvCF	135	31
Other, net-InvCF	-2	-77
Net cash provided by (used in) investing activities	-4,802	-4,455
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable-FinCF	-206	—
Proceeds from long-term loans payable-FinCF	100	—
Repayments of long-term loans payable-FinCF	-3,048	-1,772
Purchase of treasury shares-FinCF	-155	-1
Proceeds from sales of treasury shares-FinCF	95	98
Cash dividends paid from parent company-FinCF	-1,347	-1,437
Dividends paid to non-controlling interests-FinCF	-9	-17
Other, net-FinCF	-33	-19
Net cash provided by (used in) financing activities	-4,605	-3,149
Effect of exchange rate change on cash and cash equivalents	-45	159
Net increase (decrease) in cash and cash equivalents	-458	-946
Cash and cash equivalents	18,935	18,476
Cash and cash equivalents	18,476	17,530

## (4) Consolidated statement of comprehensive income

(Millions of yen)

	2017/04/01 2018/03/31	2018/04/01 2019/03/31
Profit (loss) (after amendment dated 2014-03-28)	4,831	4,677
Other comprehensive income		
Valuation difference on available-for-sale securities, net of tax-OCI	495	-870
Deferred gains or losses on hedges, net of tax-OCI	-0	—
Foreign currency translation adjustment, net of tax-OCI	46	-100
Remeasurements of defined benefit plans, net of tax-OCI	667	-145
Share of other comprehensive income of entities accounted for using equity method-OCI	33	-97
Other comprehensive income	1,243	-1,214
Comprehensive income	6,074	3,463
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,053	3,421
Comprehensive income attributable to non-controlling interests	20	41

## (5) Consolidated statements of change in net assets

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	10,951	2,995	49,371	-1,421	61,897
Changes of items during period					
Dividends of surplus			-1,437		-1,437
Profit attributable to owners of parent			4,645		4,645
Purchase of treasury shares				-2	-2
Disposal of treasury shares				97	97
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	3,208	94	3,302
Balance at end of current period	10,951	2,995	52,579	-1,326	65,200

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,552	-	-1,545	257	1,265	231	63,394
Changes of items during period							
Dividends of surplus							-1,437
Profit attributable to owners of parent							4,645
Purchase of treasury shares							-2
Disposal of treasury shares							97
Net changes of items other than shareholders' equity	-870	-	-208	-145	-1,224	24	-1,199
Total changes of items during period	-870	-	-208	-145	-1,224	24	2,103
Balance at end of current period	1,682	-	-1,753	111	40	256	65,497