ChugaiRo

May 29, 2026

Company	Chugai Ro Co., Ltd.
Representative	Mamoru Sakata, Representative Director, President and CEO (Securities code: 1964, TSE Prime)
Contact	Ichiro Baba, Senior Executive Officer, General Manager of Business Administration Division (Phone: +81-6-6221-1251)

Supplementary Information Regarding Item 2 to Be Proposed at the 84th Annual General Meeting of Shareholders and the Company's Opinion Regarding Proxy Advisor ISS's Recommendation "Against"

Chugai Ro Co., Ltd. (President: Mamoru Sakata (hereinafter the "Company")) has confirmed that Institutional Shareholder Services, Inc. (hereinafter, "ISS "), a voting advisory company, has issued a report recommending against one of the candidates for Directors with regard to Proposal 2," Election of 7 Directors " of the 84th Annual General Meeting of Shareholders scheduled to be held on Thursday, June 18, 2026.

The Company presents its views regarding ISS's recommendation "Against" as set out below.

We respectfully request our shareholders to take these views into account when considering this proposal.

1. ISS's recommendation against Proposal 2

ISS has recommended against the proposal for the election of Director candidates for the following reasons.

Candidate No.	Name	Reasons for the against recommendation
1	Akira Ozaki	ISS recommends a vote "against" a company's top executive, if the company allocates a significant portion (20 percent or more) of its net assets to cross-shareholdings.
2	Mamoru Sakata	

※ According to ISS's methodology, "investment shares held for purposes other than pure investment" and "off-balance sheet shares that are deemed to be held by the company (known as minashi hoyu kabushiki in Japanese)," as disclosed in the securities report, are used for the assessment.

2. The Company's Opinion Regarding Proxy Advisor ISS's Recommendation "Against"

ISS has set criterion to the effect of recommending vote "Against" nominees for director, a top executive, if the company allocates a significant portion (20 percent or more) of its net assets to cross-shareholdings in its "Proxy Voting Guidelines for Japan 2026". However, ISS's current recommendation is based on the disclosures in our Annual Securities Report for the fiscal year ended March 2025, which we filed in June 2025.

As stated in the Notice of Convocation of the 84th Annual General Meeting of Shareholders, under the above policy the company reduced its policy shareholdings by nine names in fiscal 2025, and as of the end of March 2026, 28 names (including shareholding associations) remained. **The ratio to consolidated net assets stood at 16.9%, thereby achieving the target**. As a result, the ratio of cross-shareholdings to consolidated net assets as of the end of March 2026 was less than 20%.

The report issued by ISS pointed out that "Lack of detailed information, including the offbalance sheet shares that are deemed to be held by the company (known as minashi hoyu Kabushiki in Japanese), to the extent that the guidelines are not fully applicable." However, there were no off-balance sheet shares that are deemed to be held by the company (known as minashi hoyu kabushiki in Japanese).

Status of cross-shareholdings

Category		FY2023	FY2024	FY2025
Number of stocks （Stock）	Listed company	40	34	27
	Unlisted company	1	1	1
	Total	41	35	28
Balance sheet carrying amount （millions of yen）	Listed company	8,628	6,512	5,309
	Unlisted company	20	20	20
As a percentage of consolidated net assets		31.1%	22.8%	16.9%