

Securities Code: 2664

May 20, 2021

To Our Shareholders:

1293 Soshima, Oyama-shi, Tochigi, Japan

CAWACHI LIMITED

Shinji Kawachi

President & Representative Director

Notice of the 54th Ordinary General Meeting of Shareholders

The Company would hereby like to inform shareholders that the Company's 54th Ordinary General Meeting of Shareholders will be held as described below.

We kindly request you to read the following Reference Document for the Ordinary General Meeting of Shareholders and exercise your voting rights.

Sincerely yours,

- 1. Date:** 10:00 a.m., June 10 (Thursday), 2021 (Reception starts at 9:00 a.m.)
- 2. Venue:** 2F, Oyama Grand Hotel
202 Hitotonoya, Oyama-shi, Tochigi, Japan
(Please see the map attached at the end of this document)
- 3. Objectives:**
 - Items to be reported:**
 1. The Business Report, the Consolidated Financial Statements and the report of the audit of the Consolidated Financial Statements by the Independent Auditor and the Audit & Supervisory Board for the 54th business period (March 16, 2020 to March 15, 2021)
 2. The Non-Consolidated Financial Statements for the 54th business period (March 16, 2020 to March 15, 2021)
 - Items to be resolved:**
 - Agenda No. 1:** Appropriation of Retained Earnings
 - Agenda No. 2:** Election of Five (5) Directors

When you attend the meeting, we kindly request that you submit the enclosed voting form to the receptionist at the venue.

Of the documents that are required to be submitted with this notice of convocation, the Notes to the Consolidated Financial Statements and the Notes to the Non-Consolidated Financial Statements are disclosed to shareholders via the Company's website (<http://www.cawachi.co.jp/>) in accordance with the law and the Company's Articles of Incorporation. The documents submitted with this notice of convocation are part of the Consolidated Financial Statements and the Non-Consolidated Financial Statements audited by the Independent Auditor and the Audit & Supervisory Board to prepare their respective audit reports.

If there are any revisions to the Reference Document for the Ordinary General Meeting of Shareholders, the Business Report and/or the Consolidated and the Non-Consolidated Financial Statements, such revisions will be listed on the Company's website (URL: <http://www.cawachi.co.jp/>)

Reference Document for the Ordinary General Meeting of Shareholders

Agenda No. 1: Appropriation of Retained Earnings

The Company would like to appropriate retained earnings as follows.

1. Year-end Dividend

The Company recognizes that returning profit to shareholders is a top-priority management issue. Our basic policy calls for continuous and stable dividend payments, taking into account the future business prospects as well as the enhancement of internal reserves to ensure the stable growth of the Company.

The Company proposes to pay a year-end dividend of 50 yen per share by adding a commemorative dividend of 5 yen per share (to celebrate the 60th anniversary of its founding) on top of an ordinary dividend of 45 yen per share at the end of the 54th business period.

1) Type in which dividends are paid

Cash payment

2) Allocation of dividends and total amount of dividends

The Company proposes to disburse 50 yen per common share of the Company.

Total: 1,115,458,300 yen

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

The Company proposes to disburse the dividend on June 11, 2021.

Agenda No. 2: Election of Five (5) Directors

The terms of all seven (7) Directors will expire at the conclusion of the Ordinary General Meeting of Shareholders. The Company requests the election of five (5) Directors.

The candidates for Directors are as follows.

Candidate No.	Name (Date of birth)	Brief profile Position and responsibility at the Company, and significant concurrent positions	Number of the Company's shares owned
1	Shinji Kawachi (March 31, 1957) Reappointed	<p>May 1991 Director of the Company</p> <p>October 1993 Director/ General Manager of Personnel Development Department</p> <p>June 1999 Senior Managing Director</p> <p>March 2000 Senior Managing Director/ Head of the Corporate Planning Office</p> <p>June 2002 President & Representative Director (current position)</p> <p>[Reasons for nominating the candidate] Mr. Shinji Kawachi has engaged in large-store development and gained wide-ranging experience in various areas mainly at the Sales Department, Administration Department, and Corporate Planning Department, putting in an excellent performance. Since becoming President & Representative Director of the Company, he has striven to lead the Company and spur business expansion by demonstrating strong leadership. The reason for nominating Mr. Shinji Kawachi as candidate for Director is that the Company judges that he needs to continuously serve as director in order to enhance the Company's corporate value.</p>	2,435,200 shares
2	Katsuyuki Okubo (September 4, 1964) Reappointed	<p>April 2005 Senior Manager of Merchandise Department of the Company</p> <p>April 2011 Senior Manager of Store Operation Department</p> <p>September 2012 General Manager of Store Operation Department</p> <p>March 2013 Executive Officer/ General Manager of Store Operation Department</p> <p>June 2015 Director/ General Manager of Sales Management Department</p> <p>April 2019 Director/ General Manager of Store Development Department (current position)</p> <p>[Reasons for nominating the candidate] Mr. Katsuyuki Okubo has gained wide-ranging experience at the Sales Department, putting in an excellent performance, led this Department by using his experience, and striven for business development. The reason for nominating Mr. Katsuyuki Okubo as candidate for Director is that the Company judges that he needs to continuously serve as director in order to enhance the Company's corporate value.</p>	4,000 shares

Candidate No.	Name (Date of birth)	Brief profile Position and responsibility at the Company, and significant concurrent positions	Number of the Company's shares owned
3	Seiji Miyahara (September 28, 1962) Reappointed	<p>October 2004 Supervisor of the Company</p> <p>September 2005 Senior Manager of Administration Department</p> <p>March 2006 Executive Officer/ General Manager of Administration Department</p> <p>January 2014 Director of Yokohama Pharmacy Co., Ltd. (current position)</p> <p>June 2015 Director/ General Manager of Administration Department</p> <p>March 2017 Director/ General Manager of Administration Department/ Head of the Internal Control Office</p> <p>March 2021 Director responsible for Administration Department (current position)</p> <p>[Reasons for nominating the candidate] Mr. Seiji Miyahara has gained wide-ranging experience at the Sales Department and Administration Department, putting in an excellent performance, and led the Administration Department by using his experience. He also currently serves as Director of a subsidiary of the Company, striving for business development. The reason for nominating Mr. Seiji Miyahara as candidate for Director is that the Company judges that he needs to continuously serve as director in order to enhance the Company's corporate value.</p>	2,500 shares
4	Rinji Watanabe (November 18, 1966) Reappointed [Outside Director] [Independent Officer]	<p>April 1990 Joined Nomura Research Institute, Ltd.</p> <p>November 1999 Joined Schroder Investment Management Japan (current Schroder Investment Management (Japan) Limited)</p> <p>March 2009 President & Representative Director of Rinji Advise Co., Ltd. (current position)</p> <p>August 2015 Outside Auditor of ASKUL Corporation</p> <p>September 2015 Outside Director of JICHODO Co., Ltd. (current position)</p> <p>June 2016 Outside Director of the Company (current position)</p> <p>September 2020 Project Lecturer of Graduate School of Medicine, The University of Tokyo</p> <p>[Significant concurrent positions] President & Representative Director of Rinji Advise Co., Ltd. Outside Director of JICHODO Co., Ltd. Project Lecturer of Graduate School of Medicine, The University of Tokyo</p> <p>[Reasons for nominating the candidate and an outline of expected roles to fulfill] Mr. Rinji Watanabe is a Ph.D. holder (Commerce) and practicing business manager who has wide experience as working at institutional investor, as well as expertise in management accounting for the retail business in particular. Based on his background described above, the Company judges that he will appropriately oversee the Company's management from an expert and objective viewpoint, and provide advice from the shareholders' perspective. If he is elected as Outside Director, the Company plans to involve him in selecting candidates for board members of the Company, determining director remuneration and performing other tasks from an objective and neutral position, as a member of the Nomination Committee and the Compensation Committee.</p>	—

Candidate No.	Name (Date of birth)	Brief profile Position and responsibility at the Company, and significant concurrent positions	Number of the Company's shares owned
5	Ikuko Akamatsu (February 27, 1968) Reappointed [Outside Director] [Independent Officer]	<p>January 1995 Joined Showa Ota & Co. (Predecessor of Ernst & Young ShinNihon LLC)</p> <p>December 2010 Chief Researcher of Management Training and Consulting Division, Institute of Management, SANNO University</p> <p>August 2018 Outside Director of TOP'S Inc. (current position)</p> <p>April 2019 Senior Researcher of Management Training and Consulting Division, Institute of Management, SANNO University</p> <p>June 2019 Outside Audit & Supervisory Board Member of Shinsei Bank, Limited (current position)</p> <p>July 2019 Director of The Japanese Institute of Certified Public Accountants (current position)</p> <p>June 2020 Outside Director of the Company (current position)</p> <p>June 2020 Outside Audit & Supervisory Board Member of Toyo Seikan Group Holdings, Ltd. (current position)</p> <p>[Significant concurrent positions]</p> <p>Outside Director of TOP'S Inc. Outside Audit & Supervisory Board Member of Shinsei Bank, Limited Outside Audit & Supervisory Board Member of Toyo Seikan Group Holdings, Ltd.</p>	—
<p>[Reasons for nominating the candidate and an outline of expected roles to fulfill] Ms. Ikuko Akamatsu has built her career as a certified public accountant and a certified fraud examiner in an auditing firm. Especially, she has expertise in corporate governance and compliance and is also familiar with the practices. In addition, based on her own experience, she has deep insight about the career development of female workers. The Company judges that she will appropriately oversee the Company's management and provide advice from a female perspective. If she is elected as Outside Director, the Company plans to involve her in selecting candidates for board members of the Company, determining director remuneration and performing other tasks from an objective and neutral position, as a member of the Nomination Committee and the Compensation Committee.</p>			

Notes:

1. There are no special conflicts of interest between the candidates and the Company.
2. Mr. Seiji Miyahara is a Director of our subsidiary, Yokohama Pharmacy Co., Ltd.
3. Mr. Rinji Watanabe and Ms. Ikuko Akamatsu are the candidates for Outside Directors.
4. The Company registered Mr. Rinji Watanabe and Ms. Ikuko Akamatsu as independent officers with the Tokyo Stock Exchange (TSE) and will continue to register them as independent officers with the TSE. When their reappointment is approved, the Company will continue to register them as independent officers with the TSE.
5. Mr. Rinji Watanabe and Ms. Ikuko Akamatsu are currently Outside Directors of the Company. Their terms of office as Outside Director at the conclusion of the Ordinary General Meeting of Shareholders will be five years and one year, respectively.

6. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with Mr. Rinji Watanabe and Ms. Ikuko Akamatsu to limit their liability for damages stipulated in Article 423, Paragraph 1 of the Companies Act. The maximum amount of their liability under the said agreements is the minimum amount stipulated in Article 425, Paragraph 1 of the Companies Act. If their re-election is approved, the said agreements will be renewed.
7. The Company has concluded directors and officers liability insurance with an insurance company, as provided by the provisions of Article 430-3, Paragraph 1 of the Companies Act. The scope of the insured of the said insurance covers Director, Audit & Supervisory Board Member and Executive Officer, and the insured parties do not pay the premium. The insurance covers damage that may arise from execution of duties by the insured as directors and officers of the Company in the event that a claim for damage is filed during the insured period. However, claims for damage that may arise from the willful misconduct or gross negligence of the insured will not be covered in order to avoid compromising the appropriateness of execution of duties by the insured. In the event that appointment of each candidate is approved, the candidate will become the insured. The Company plans to renew this insurance to have the same terms and conditions when the current one expires.