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Securities code 3302

March 7, 2025

To Our Shareholders:

Tsuyoshi Shiraiwa,
Chairman & CEO and Executive Officer
TEIKOKU SEN-I Co., Ltd.
5-1, Nihonbashi 2-Chome, Chuo-Ku, Tokyo

**NOTICE OF ORDINARY GENERAL MEETING OF SHAREHOLDERS
FOR THE 99TH FISCAL YEAR**

The Ordinary General Meeting of Shareholders for the 99th Fiscal Year will be held as described below.

In convening this general meeting of shareholders, the Company has provided the information contained in the reference documents, etc. (matters to be provided electronically) by electronic means, by uploading to the Company's website as the "Notice of the Ordinary General Meeting of Shareholders for the 99th Fiscal Year." Please go to the website at the following URL to view those documents.

Company website:

<https://www.teisen.co.jp/ir/soukai.html> (in Japanese)

In addition to the above website, the matters to be provided electronically are available on the Tokyo Stock Exchange (TSE) website, and can be viewed by going to the TSE website (Listed Company Search) at the following URL, entering and searching for the issue name (company name) "TEIKOKU SEN-I" or code "3302," and selecting "Basic information," "Documents for public inspection/PR information," and "Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting."

TSE website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

If you are unable to attend the meeting, you are able to exercise your voting rights online or in writing (by post). Please review the reference documents and exercise your voting rights by 5:00 p.m. on Thursday, March 27, 2025.

[Exercising voting rights online]

Please access the website for exercising voting rights designated by the Company (<https://soukai.mizuho-tb.co.jp/>), use the "Voting Code" and "Password" indicated on the voting form sent with this notice, and follow the instructions onscreen to enter your vote in favor or against the agenda items by the deadline for exercising voting rights indicated above.

When voting online, please see the "Guide to Exercising Voting Rights Online" below (available in Japanese only).

[Exercising voting rights in writing (by post)]

Please indicate your vote in favor or against the agenda items on the voting form sent with this notice and return it by post such that it arrives by the deadline for exercising voting rights indicated above.

1. Date and Time: Friday, March 28, 2025 at 10:00 a.m.

2. Venue: Nihonbashi Hall, Nihonbashi Takashimaya Mitsui Building 9F,
5-1, Nihonbashi 2-Chome, Chuo-Ku, Tokyo

3. Meeting Agenda:

Matters to be Reported

(1) 99th Fiscal Year (January 1, 2024 to December 31, 2024)

Business Report, Consolidated Financial Statements, and Audit Reports on the Consolidated Financial Statements prepared by the Accounting Auditor and the Board of Auditors

(2) 99th Fiscal Year (January 1, 2024 to December 31, 2024)

Non-consolidated Financial Statements

Matters to be Resolved

<Proposals of the Company (Proposals Nos. 1 to 4)>

Proposal No. 1 Appropriation of Surplus

Proposal No. 2 Partial Amendment to the Articles of Incorporation

Proposal No. 3 Election of Seven Directors

Proposal No. 4 Election of One Member of the Board of Auditors

<Shareholder Proposals (Proposals Nos. 5 to 7)>

Proposal No. 5 Approval of the Amount of Compensation to be Paid under the Restricted Stock Compensation Plan

Proposal No. 6 Acquisition of Treasury Stock

Proposal No. 7 Amendment to the Articles of Incorporation Regarding the Number of Outside Directors

4. Handling of Votes:

- (i) When exercising voting rights in writing (by post), if you fail to indicate your vote in favor of or against an agenda item, it will be deemed that you have voted in favor of the Company's proposals and against the shareholder proposals.
- (ii) If you exercise your voting rights both in writing (by post) and online, we will treat the exercise of voting rights online as the valid exercise of voting rights. If you exercise your voting rights online multiple times, we will treat the most recent exercise of voting rights as valid.
- (iii) If you exercise your voting rights by proxy, one other shareholder with voting rights may attend the general meeting of shareholders as your proxy. However, please note that the proxy will be required to submit document in evidence of their authority to act on your behalf.

- If you will attend the meeting in person, please submit the voting form sent with this notice to the reception desk on the day of the meeting.
- The matters to be provided electronically are to be sent in writing only to those shareholders who make a written request to that effect by the record date, but for this general meeting of shareholders, we will send the matters to be provided electronically in writing to all shareholders, irrespective of whether a written request was made. The following matters are not included in the documents in accordance with laws and regulations and Article 16 of the Company's Articles of Incorporation.
 - a. "Outline of the System to Ensure the Appropriateness of Operations and its Status" and "Basic Policy on Control of the Company" in the Business Report
 - b. Notes to consolidated financial statements
 - c. Notes to non-consolidated financial statements

Accordingly, the Business Report, and Consolidated and Non-consolidated Financial Statements included in this document are a part of the documents audited by the Accounting Auditor and the Member of the Board of Auditors in preparing their Audit Report.

- If there are any changes to the matters to be provided electronically, a notice to that effect will be posted on the Company's website and on the TSE's website, with the matters before and after the change.

Reference Documents for the General Meeting of Shareholders

<Proposals of the Company (Proposals Nos. 1 to 4)>

Proposal No. 1 Appropriation of Surplus

The appropriation of surplus is proposed as follows.

Year-end dividends

The Company's policy is basically to pay dividends in proportion to earnings, while also seeking to further strengthen the corporate structure and increase retained earnings to prepare for future business development.

In order to continue to pay stable dividends to its shareholders, the Company proposes to pay a year-end dividend of ¥50 per share for the 99th fiscal year.

We will continue our efforts to sustainably increase profitability.

Type of dividend property

Cash

Allotment of dividend property and their aggregate amount

¥50 per common share of the Company

Total dividends: **¥1,329,614,550**

Effective date of dividends of surplus

March 31, 2025

Proposal No. 2 Partial Amendment to the Articles of Incorporation

1. Reason for amendment

To clarify the business content according to the current business of the Company and its subsidiaries and to align with the diversified business activities, including those of its subsidiaries, it is proposed to add to the business objectives in Article 2 of the current Articles of Incorporation.

2. Details of amendment

Details of the amendment are as follows:

(Underline indicates amended portions.)

Current Articles	Proposed Amendment
Chapter 1 General Provisions (Objectives) Article 2 The objectives of the Company shall be to engage in the following businesses: (1) to (10) (Provision omitted) (Newly established) (11) to (12) (Provision omitted) Article 3 to Article 5 (Provision omitted)	Chapter 1 General Provisions (Objectives) Article 2 The objectives of the Company shall be to engage in the following businesses: (1) to (10) (As per the current) <u>(11) Secondhand goods dealer under the Secondhand Goods Business Act</u> <u>(12) to (13)</u> (As per the current) Article 3 to Article 5 (As per the current)

Proposal No. 3 Election of Seven Directors

The terms of office of all seven Directors will expire at the conclusion of this meeting. In this regard, the Company proposes the election of seven Directors (three of whom are Outside Directors).


The candidates for Director are as follows:

Candidate No.	Name	Position and responsibility in the Company (Significant concurrent positions outside the Company)	
1	Tsuyoshi Shiraiwa	Chairman & CEO and Executive Officer	Reelection
2	Toru Masutani	Representative Director and President & COO, and Executive Officer	Reelection
3	Tatsuru Okamura	Director, Vice President, and Executive Officer General Management Assistant, Officer in charge of Planning & Administration Department General Disaster Prevention & Preparedness Business, Officer in charge of Disaster Prevention Management Department	Reelection
4	Toru Nakao	Director and Managing Executive Officer Manager of Drainage Systems Group, Disaster Prevention Management Department	Reelection
5	Hiroyasu Takagi	Outside Director Partner of the Tokyo-Marunouchi Law Offices	Reelection Outside Independent
6	Masahiro Fukazawa	Outside Director Advisor of Yasuda Real Estate Co., Ltd.	Reelection Outside Independent
7	Nobuko Narita	Outside Director	Reelection Outside Independent

Reelection: Candidate for reelection as Director


Outside: Candidate for Outside Director


Independent: Independent officer as defined by the securities exchange

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
1	 <p>Tsuyoshi Shiraiwa (September 25, 1946)</p> <p>Reelection</p>	<p>Apr. 1969 Joined The Fuji Bank, Limited</p> <p>May 1990 General Manager of Kita-kyushu Branch</p> <p>June 1992 Administrative Officer of the Company</p> <p>Apr. 1993 Administrative Officer and General Manager of Corporate Management Division</p> <p>Apr. 1998 Administrative Officer, General Manager of Corporate Management Division and General Manager of Special Public Sector Demand Division</p> <p>Mar. 1999 Director, General Manager of Corporate Management Division and General Manager of Special Public Sector Demand Division</p> <p>Mar. 2001 Managing Director</p> <p>Apr. 2003 Senior Managing Director</p> <p>Feb. 2007 Director and Vice President</p> <p>Mar. 2012 Representative Director and President & COO</p> <p>Mar. 2020 Representative Director and President & CEO</p> <p>Mar. 2021 Chairman & CEO</p> <p>Mar. 2022 Chairman & CEO and Executive Officer (current position)</p> <p>Significant concurrent positions outside the Company</p> <p>—</p>	87,200 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>Mr. Tsuyoshi Shiraiwa, after holding key positions in the Company's Corporate Management and Sales Divisions, served as Representative Director and President of the Company from 2012 to 2020, and was appointed Chairman & CEO in 2021. He has contributed to the growth of the Group based on his extensive experience as a corporate manager. Based on this experience, track record and his broad insight into the business of the Group, the Company has judged that he will contribute to enhancing the corporate value of the Group, and therefore again nominates him as a candidate for Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
2	 Toru Masutani (July 26, 1948) Reelection	Apr. 1975 Joined the Company Apr. 1999 General Manager of Disaster Prevention Management Department Apr. 2004 Administrative Officer Mar. 2007 Director and General Manager of Disaster Prevention Management Department Mar. 2015 Managing Director, General Disaster Prevention & Preparedness Business and General Manager of Disaster Prevention Management Department Mar. 2020 Director and Vice President Mar. 2021 Representative Director and President & COO Mar. 2022 Representative Director and President & COO, and Executive Officer (current position) Significant concurrent positions outside the Company —	21,300 shares
	[Reasons for nomination as candidate for Director] Mr. Toru Masutani, after holding key positions in the Company's Sales Division, currently serves as Representative Director and President of the Company. Based on his broad experience and knowledge regarding the products and business of the Group, the Company has judged that his experience and ability will contribute to enhancing the corporate value of the Group, and therefore again nominates him as a candidate for Director.		
3	 Tatsuru Okamura (March 26, 1964) Reelection	Apr. 1987 Joined The Fuji Bank, Limited Apr. 2012 General Manager of Corporate Strategy Department No. 2 of Mizuho Bank, Ltd. June 2016 Administrative Officer of the Company Apr. 2017 General Manager of Planning & Administration Department Mar. 2018 Director and General Manager of Planning & Administration Department Mar. 2019 Managing Director and General Manager of Planning & Administration Department Mar. 2021 Director and Vice President Mar. 2022 Director, Vice President, and Executive Officer (current position) Significant concurrent positions outside the Company —	2,600 shares
	[Reasons for nomination as candidate for Director] Mr. Tatsuru Okamura has extensive experience at financial institutions. Since joining the Company, he has been in charge of the Corporate Management and Sales Divisions and currently assists in the overall management of the Company. Accordingly, he has extensive knowledge of corporate management. The Company has judged that his experience and ability will contribute to enhancing the corporate value of the Group, and therefore again nominates him as a candidate for Director.		

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
4	 <p>Toru Nakao (July 11, 1966)</p> <p>Reelection</p>	<p>Apr. 1990 Joined the Company</p> <p>May 1996 Seconded to TEISHO Trading Inc.</p> <p>Apr. 2010 Manager of Disaster Prevention Department</p> <p>Mar. 2011 Director and Manager of Disaster Prevention Department</p> <p>Mar. 2014 Staff Manager of Disaster Prevention Management Department of the Company</p> <p>Mar. 2017 Director and Manager of Business Development Group, Disaster Prevention Management Department</p> <p>Nov. 2019 Director and Manager of Drainage Systems Group, Disaster Prevention Management Department</p> <p>Mar. 2020 Managing Director and Manager of Drainage Systems Group, Disaster Prevention Management Department</p> <p>Mar. 2022 Director and Managing Executive Officer Manager of Drainage Systems Group, Disaster Prevention Management Department (current position)</p> <p>Significant concurrent positions outside the Company</p> <p>—</p>	12,500 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>Mr. Toru Nakao has held key positions in the Company's Sales Division for many years, and has extensive experience and knowledge of the Group's products and businesses. The Company has judged that his experience and ability will contribute to enhancing the corporate value of the Group, and therefore again nominates him as a candidate for Director.</p>			
5	 <p>Hiroyasu Takagi (May 11, 1961)</p> <p>Reelection Outside Independent</p>	<p>Apr. 1988 Registered as attorney at law Joined The Tokyo-Marunouchi Law Offices</p> <p>Jan. 1997 Partner (current position)</p> <p>Mar. 2015 Outside Director of the Company (current position)</p> <p>Significant concurrent positions outside the Company</p> <p>Partner of the Tokyo-Marunouchi Law Offices</p>	5,500 shares
<p>[Reasons for nomination as candidate for Outside Director]</p> <p>Mr. Hiroyasu Takagi has no past experience in corporate management, but he has abundant practical experience and broad professional knowledge as an attorney at law, which he is expected to leverage to provide supervision, advice, and the like on Directors' execution of duties from an objective standpoint. The Company has judged that he will be able to appropriately execute his duties as an Outside Director of the Company, and therefore again nominates him as a candidate for Director. If elected, he will be involved in the selection of candidates for Director and reporting on compensation and other matters as a member of the Nomination and Compensation Committee. At the conclusion of this meeting, his tenure as Outside Director of the Company will have been ten years.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
6	 <p>Masahiro Fukazawa (July 3, 1940)</p> <p>Reelection Outside Independent</p>	<p>Apr. 1964 Joined the Yasuda Mutual Life Insurance Company</p> <p>Mar. 1976 Manager of Secretarial Section</p> <p>Apr. 1983 Manager of Secretarial Office</p> <p>Apr. 1989 Advisor of Human Resources Department</p> <p>June 1989 Director and Manager of Building Sales Department of Yasuda Real Estate Co., Ltd.</p> <p>June 1992 Managing Director and Manager of Building Sales Department</p> <p>June 1993 Managing Director and Manager of General Affairs Department</p> <p>June 1995 Senior Managing Director</p> <p>June 1999 President and Representative Director</p> <p>June 2007 Chairman and Representative Director</p> <p>June 2015 Chairman and Director</p> <p>June 2017 Advisor (current position)</p> <p>Mar. 2019 Outside Director of the Company (current position)</p> <p>Significant concurrent positions outside the Company</p> <p>Advisor of Yasuda Real Estate Co., Ltd.</p>	2,000 shares
<p>[Reasons for nomination as candidate for Outside Director]</p> <p>Mr. Masahiro Fukazawa is expected to provide supervision and appropriate advice on business management based on his broad and sophisticated knowledge and abundant experience cultivated over many years as a manager. The Company has judged that he will be able to appropriately execute his duties as an Outside Director of the Company, and therefore again nominates him as a candidate for Director. If elected, he will lead the selection of candidates for Director and reporting on compensation and other matters as the chairperson of the Nomination and Compensation Committee. At the conclusion of this meeting, his tenure as Outside Director of the Company will have been six years.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
7	 <p>Nobuko Narita (September 4, 1947)</p> <p>Reelection Outside Independent</p>	<p>Apr. 1972 Appointed as public prosecutor, Prosecutor assigned to the Litigation Department, Ministry of Justice</p> <p>Mar. 1973 Prosecutor assigned to the Litigation Department, Sapporo Legal Affairs Bureau</p> <p>Mar. 1976 Prosecutor assigned to the Litigation Department, Tokyo Legal Affairs Bureau</p> <p>Jan. 1981 Prosecutor assigned to the Litigation Department, Nagoya Legal Affairs Bureau</p> <p>May 1981 Resigned as public prosecutor</p> <p>Aug. 1981 Joined the Tokyo Aoyama Law Office (currently Baker & McKenzie)</p> <p>Oct. 1995 Appointed Partner</p> <p>Dec. 2010 Stepped down as Partner</p> <p>Oct. 2023 Resigned</p> <p>Mar. 2024 Outside Director of the Company (current position)</p> <p>Significant concurrent positions outside the Company</p> <p>—</p>	— shares
<p>[Reasons for nomination as candidate for Outside Director]</p> <p>Ms. Nobuko Narita has no past experience in corporate management, but she has abundant experience and broad professional knowledge as a public prosecutor and an attorney at law, which she is expected to leverage to provide supervision, advice, and the like on Directors' execution of duties from an objective standpoint. The Company has judged that she will be able to appropriately execute her duties as an Outside Director of the Company, and therefore again nominates her as a candidate for Director. If she is elected, she is expected to leverage her background to provide advice from a global perspective, particularly with respect to work-style reform and promoting the advancement of women. At the conclusion of this meeting, her tenure as Outside Director of the Company will have been one year.</p>			

- Notes
- There is no special interest between any of the candidates and the Company.
 - Mr. Hiroyasu Takagi, Mr. Masahiro Fukazawa and Ms. Nobuko Narita are candidates for Outside Director.
 - The Company has notified the Tokyo Stock Exchange of Mr. Hiroyasu Takagi, Mr. Masahiro Fukazawa, and Ms. Nobuko Narita as independent officers who are unlikely to have any conflict of interest with the general shareholders, and they will continue to be independent officers if their election is approved.
 - The Company has entered into agreements with Mr. Hiroyasu Takagi, Mr. Masahiro Fukazawa, and Ms. Nobuko Narita limiting their liability for damages under Article 423, Paragraph 1 of the Companies Act to the amount specified in Article 425, Paragraph 1 of the Companies Act, provided that the Outside Director has performed their duties in good faith and without gross negligence. If their election is approved, the Company will continue those agreements.
 - Summary of directors' and officers' liability insurance policy

The Company has taken out a directors' and officers' liability insurance policy with an insurance company, as provided for in Article 430-3, Paragraph 1 of the Companies Act, with the Directors as the insured, and that policy will be renewed in May 2025. If their election is approved under this agenda item, each will continue to be insured under this policy.

 - Summary of insured events eligible for coverage

The policy covers losses that may be incurred by insured directors and officers who are held liable in the performance of their duties or who are subject to claims related to the pursuit of such liability (however, losses caused by criminal acts or intentional misconduct are not covered).
 - The full amount of the insurance premiums is paid by the Company.

(Reference)

If the candidates stated in this notice are elected as proposed, the skill matrix of the Board of Directors will be as follows:

Name	Position	Corporate Management	Sales/ Marketing Industry Knowledge	Technology/ R&D/ Production	Finance/ Accounting	Legal/ Compliance
Tsuyoshi Shiraiwa	Chairman & CEO and Executive Officer	○	○	○	○	○
Toru Masutani	Representative Director and President & COO, and Executive Officer	○	○	○		
Tatsuru Okamura	Director, Vice President, and Executive Officer	○	○		○	○
Toru Nakao	Director and Managing Executive Officer		○	○		
Hiroyasu Takagi	Director (Outside)					○
Masahiro Fukazawa	Director (Outside)	○			○	
Nobuko Narita	Director (Outside)					○


Proposal No. 4 Election of One Member of the Board of Auditors

The term of office of Member of the Board of Auditors Hajime Kobayashi will expire at the conclusion of this meeting.

Therefore, the Company proposes the election of one Member of the Board of Auditors.

Mr. Yasuhiro Kinoshita, the candidate for Member of the Board of Auditors, will be appointed to fill the vacancy created by Mr. Hajime Kobayashi, who will retire before the expiration of his term. As a result, Mr. Kinoshita's term of office will last until the expiration of the retired member's term, in accordance with the provisions of the Company's Articles of Incorporation. The consent of the Board of Auditors has been obtained for this proposal.

The candidate for Member of the Board of Auditors is as follows:

Name (Date of birth)	Career summary and position in the Company	Number of the Company's shares owned
 <p>Yasuhiro Kinoshita (February 5, 1968)</p> <p>New Outside Independent</p>	<p>Apr. 1990 Joined The Fuji Bank, Limited</p> <p>Apr. 2010 General Manager of Takanawadai Branch of Mizuho Bank, Ltd.</p> <p>Apr. 2012 Deputy General Director of Branch Banking Department</p> <p>Apr. 2014 General Manager of Global Talent Planning and Management Department of Mizuho Trust & Banking Co., Ltd.</p> <p>Apr. 2017 General Manager of Retail & Business Banking Coordination Department</p> <p>Apr. 2018 Executive Officer and General Manager of Retail & Business Banking Coordination Department</p> <p>Apr. 2020 Executive Officer and Head of Area of Mizuho Bank, Ltd.</p> <p>May 2021 Executive Officer and Head of Area (Retail Area 1)</p> <p>Apr. 2022 Representative Director and Vice President of Mizuho Business Partner Co., Ltd.</p> <p>Apr. 2023 Administrative Officer and Deputy General Manager of Real Estate Planning Department of Hulic Co., Ltd.</p> <p>Apr. 2024 Managing Officer and General Manager of Human Resources Department (current position)</p> <p>Significant concurrent positions outside the Company</p> <p>Managing Officer and General Manager of Human Resources Department, Hulic Co., Ltd.</p>	<p>– shares</p>
<p>[Reasons for nomination as candidate for Outside Member of the Board of Auditors]</p> <p>Mr. Yasuhiro Kinoshita has extensive experience at financial institutions and a comprehensive knowledge of corporate management. Based on this, the Company has judged that he will be able to appropriately execute his duties as an Outside Member of the Board of Auditors of the Company, and therefore nominates him as a candidate for Outside Member of the Board of Auditors.</p>		

- Notes
1. There is no special interest between the candidate and the Company.
 2. Mr. Yasuhiro Kinoshita is a candidate for a new position.
 3. Mr. Yasuhiro Kinoshita is a candidate for an Outside Member of the Board of Auditors. If his election is approved, we plan to register him as an independent officer with the Tokyo Stock Exchange.
 4. If the election of Mr. Yasuhiko Kinoshita is approved, the Company plans to enter into agreements limiting his liability for damages under Article 423, Paragraph 1 of the Companies Act to the amount specified in Article 425, Paragraph 1 of

the Companies Act, provided that the Outside Member of the Board of Auditors has performed his duties in good faith and without gross negligence.

5. The Company has taken out a directors' and officers' liability insurance policy with an insurance company, as provided for in Article 430-3, Paragraph 1 of the Companies Act, with the Member of the Board of Auditors as the insured, and that policy will be renewed in May 2025. If his election is approved under this agenda item, Mr. Yasuhiro Kinoshita will be insured under this policy.

- (1) Summary of insured events eligible for coverage

The policy covers losses that may be incurred by insured directors and officers who are held liable in the performance of their duties or who are subject to claims related to the pursuit of such liability (however, losses caused by criminal acts or intentional misconduct are not covered).

- (2) The full amount of the insurance premiums is paid by the Company.

<Shareholder Proposals (Proposals Nos. 5 to 7)>

Proposals Nos. 5 to 7 were submitted by shareholders.

As described below, the Board of Directors opposes all shareholder proposals.

The summary of the proposals and the reasons for the proposals are presented in their original form.

Proposal No. 5 Approval of the Amount of Compensation to be Paid under the Restricted Stock Compensation Plan

(1) Summary of the proposal

Pursuant to the resolution of the 93rd Ordinary General Meeting of Shareholders held on March 28, 2019, the maximum annual compensation for the Company's Directors is ¥600 million (of which the maximum annual compensation for Outside Directors shall be ¥12 million). At the 91st Ordinary General Meeting of Shareholders held on March 30, 2022, the maximum amount of compensation for Outside Directors was set at ¥50 million, and the Board Benefit Trust (BBT) system was approved at the same meeting. In order to provide an incentive for the continuous improvement of the Company's corporate value and to further promote the value sharing between the Company's Directors (including Outside Directors, hereinafter the "Eligible Directors") and the Company's shareholders, the Company should newly grant the monetary compensation claims for the Restricted Stock Compensation to the Eligible Directors within an annual amount of ¥600 million (of which, ¥50 million for Outside Directors), and with a maximum number of shares of 240,000 (of which, 20,000 for Outside Directors), instead of the BBT as mentioned above. The Board of Directors will determine the specific criteria for payment, timing, and distribution.

(2) Reason for proposal

The Company has not adopted a restricted stock compensation plan (the "Plan"), meaning that the value is not adequately shared between the Directors and the shareholders. The Company should adopt this system for its Directors and make all its Directors, including Outside Directors, eligible for this system. To share value between Directors and shareholders, it is necessary that Directors receive stock-based compensation during their tenure equivalent to three times their fixed compensation, which is considered to be an effective benchmark for stock-based compensation, and that they are granted a certain number of restricted stock over a short period.

Therefore, it is proposed that the scope of this plan be extended to all Directors (including Outside Directors) of the Company and restricted shares be granted in the amount of three times the fixed compensation cumulatively over the next three years.

In addition, the Company should establish shareholding guidelines for the restricted stock compensation plan, set a target for the acquisition of the Company's shares by officers during their tenure of office equivalent to three times the fixed basic compensation, and disclose the status of acquisition of the Company's shares by individual officers in the corporate governance report submitted by the Company to the Tokyo Stock Exchange.

[Opinion of the Company's Board of Directors]

The Board of Directors opposes this proposal.

The compensation and other matters for the Company's Directors is structured by combining basic compensation with performance-linked compensation to function effectively as an incentive for the sustainable enhancement of corporate value, and our basic policy is to determine appropriate levels of the compensation based on responsibilities and positions. Specifically, the compensation consists of basic compensation as a fixed compensation, bonuses as short-term performance-linked compensation, and the Board Benefit Trust (BBT) as a stock-based compensation system for medium-to-long-term performance-linked incentives. Only basic compensation is provided for Outside Directors.

In addition, to ensure objectivity and fairness in determining the compensation of Directors, the Company has established the Nomination and Compensation Committee as a voluntary advisory body of the Board of Directors, chaired by an independent director and with a majority of its members being independent directors, and the

compensation structure described above is determined based on the deliberations and recommendations of the Nomination and Compensation Committee.

This shareholder proposal proposes the introduction of a restricted stock compensation plan as a stock-based compensation system. However, as described above, the Company introduced the Board Benefit Trust after obtaining approval at the Ordinary General Meeting of Shareholders held in March 2022. The purpose of the Plan is to clarify the link between the compensation of Directors and the value of the Company's shares, and to raise awareness among Directors that they must contribute to the improvement of the Company's performance and the increase of its corporate value over the medium to long term by sharing with shareholders not only the benefits of a rising share price but also the risk of a falling share price. We believe that the value sharing between the Directors and the shareholders is adequately promoted.

In addition, this shareholder proposal proposes that, instead of the Board Benefit Trust, the Eligible Directors will be granted monetary compensation claims for the purpose of newly granting them restricted stock, and that they will be granted restricted stock equivalent to three times their fixed compensation over the next three years. However, the Company has determined, based on the deliberations and recommendations of the Nomination and Compensation Committee, that the ratio between fixed compensation, which consists of basic compensation, and performance-linked compensation, which consists of bonuses and stock-based compensation (Board Benefit Trust), should be approximately 50:50, at the Company's Board of Directors, with the aim of sharing interests with shareholders and continuously enhancing corporate value. We believe that this shareholder proposal is inappropriate because it is an excessive stock-based compensation system that significantly lacks a balance between basic compensation, performance-linked bonuses, and stock-based compensation.

Furthermore, this shareholder proposal suggests introducing a restricted stock compensation system for Outside Directors as well. However, as described above, we expect Outside Directors to play a role in monitoring and supervising management from a position independent of business execution, and we believe that providing these individuals with performance-linked incentives is not appropriate.

The Company's Board of Directors opposes this shareholder proposal for the reasons stated above.

Proposal No. 6 Acquisition of Treasury Stock

(1) Summary of the proposal

Pursuant to the provisions of Article 156, Paragraph 1 of the Companies Act, the Company should repurchase its common share by means of a cash payment within one year from the conclusion of this Ordinary General Meeting of Shareholders, up to a total of 2,752,440 shares and a total acquisition cost of ¥6,881,100,000.

(2) Reason for proposal

While the Company's share price shows a gradual upward trend in 2024, the market still views its measures as inadequate. With approximately ¥14.2 billion in cash and approximately ¥30.4 billion in shares of strategic shareholdings, the Company's capital efficiency remains inadequate. To further enhance shareholder returns and improve capital efficiency, the Company should acquire around 10% of its total issued shares as treasury stock and retire them pursuant to Article 178 of the Companies Act.

[Opinion of the Company's Board of Directors]

The Board of Directors opposes this proposal.

The Company is working to enhance its corporate value by allocating management funds in a way that achieves a balance between growth investments and shareholder returns, based on the medium- to long-term policy announced in the "Policy for Realizing Management that is Conscious of Capital Costs and Share Price" (the "Policy") released on March 1, 2024. First, with regard to growth investments, as indicated in the Policy, we have set a five-year investment limit of ¥20 billion, and we are aiming to enhance ROE and corporate value by improving the effectiveness of M&As, as well as human resource investment, system and DX investment, R&D investment, and renewal investment within this investment limit.

Moreover, the Company considers the return of profits to shareholders to be an important management issue, and its basic policy is to distribute profits by maintaining stable dividends and flexibly acquiring treasury stock while considering factors such as capital demand and share price levels as one means of returning profits, with the aim of achieving an average total return ratio of 40% or more over five years. Based on this basic policy, in order to enhance the effectiveness of the shareholder return of ¥9 billion over five years as indicated in the Policy, the Company resolved at a meeting of the Board of Directors held in February 14, 2025 to acquire treasury stock up to a total of 500,000 shares and an acquisition cost of ¥1,250 million.

This shareholder proposal proposes the acquisition of up to 2,752,440 shares of treasury stock within one year, with a total acquisition cost of up to ¥6,881 million. However, we believe that this would not contribute to the medium- to long-term enhancement of the Company's corporate value, even if it would improve ROE in the short term. In addition, we believe that the medium- to long-term utilization of strategic shareholdings held by the Company would contribute to the enhancement of the Company's corporate value. Based on the above basic policy regarding profit distribution, the Company believes that it is appropriate to flexibly acquire treasury stock from time to time, taking into account the trading conditions and share price trends for the Company's shares.

The Board of Directors therefore opposes this shareholder proposal.

In light of the lessons learned from last year's Noto Peninsula earthquake, we will promote the deepening and expansion of our disaster prevention initiatives to prepare for potential major earthquakes and increasingly severe natural disasters such as typhoons and heavy rains, and through our response to and utilization of environmental changes and technological innovation, we will work to contribute to the strengthening of Japan's disaster prevention response capabilities to expand our business domain and achieve sustainable growth in profitability.

Proposal No. 7 Amendment to the Articles of Incorporation Regarding the Number of Outside Directors

(1) Summary of the proposal

Article 20 of the Company's Articles of Incorporation should be amended as follows to ensure a majority of Outside Directors.

Before Amendment	After Amendment
(Authorized number) Article 20 1 The Company has not more than seventeen (17) Directors. <u>2 (Newly established)</u>	(Authorized number) Article 20 1 The Company has not more than seventeen (17) Directors. <u>2 The majority of the Company's Directors shall be Outside Directors as provided in Article 2, Paragraph 1, Item 15 of the Companies Act.</u>

(2) Reason for proposal

Principle 4.8 of the Japan's Corporate Governance Code states that "Independent directors should fulfill their roles and responsibilities with the aim of contributing to sustainable growth of companies and increasing corporate value over the mid- to long-term. Companies listed on the Prime Market should therefore appoint at least one-third of their directors as independent directors that sufficiently have such qualities. Irrespective of the above, if a company listed on the Prime Market believes it needs to appoint the majority of directors as independent directors based on a broad consideration of factors such as the industry, company size, business characteristics, organizational structure and circumstances surrounding the company, it should appoint a sufficient number of independent directors." In addition, Principle 4.7 of the Corporate Governance Code states that one of the roles and responsibilities of independent directors is to "appropriately represent the views of minority shareholders and other stakeholders in the boardroom from a standpoint independent of the management and controlling shareholders."

Among the Company's seven Directors, three are Outside Directors, meeting the requirement of more than one-third of the total. However, the Company can further improve capital efficiency, increase shareholder returns, and develop a governance system that supports the Company's growth and medium- to long-term corporate value improvement by actively appointing more than half of the Directors as Outside Directors.

In addition to the number of Outside Directors, the Company should also consider the qualifications of these individuals. It is essential to appoint analysts with advanced experience and skills, as the Company requires human resources to drive sustainable growth and enhance corporate value over the medium- to long term. The appointment of "individuals with advanced experience and skills as analysts" is considered an effective means of bringing the perspective of external investors and shareholders to the Board of Directors while at the same time contributing to the enhancement of corporate value through sound risk-taking. In principle, the Board of Directors of listed companies and investors/shareholders share a common goal of enhancing corporate value over the long term. Unfortunately, in Japan, there is often a perception that these two parties are at odds. However, the involvement of Directors with the above-mentioned experience and skills in Board discussions and decision-making can foster healthy risk-taking and more effective capital allocation, better communication with the markets, and ultimately cultivate a more constructive relationship between the Board and the stock market. It is often observed that former bankers and accountants are credited with the financial oversight within the Director's skill matrix. However, to effectively foster sound risk-taking, it is not enough to rely solely on expertise in accounting and the debt market. Consequently, the inclusion of specialists in the equity market is regarded as a meaningful contribution.

[Opinion of the Company's Board of Directors] The Board of Directors opposes this proposal.

In order to ensure objectivity and fairness in the election of Directors, the Company has established the Nomination and Compensation Committee as a voluntary advisory body of the Board of Directors, chaired by an independent director and with a majority of its members being independent directors. The selection of candidates for Directors is decided by the Board of Directors based on deliberations and recommendations by

the Nomination and Compensation Committee, and the same decision-making process is followed for the candidates for Directors to be submitted to this Ordinary General Meeting of Shareholders. The Company considers corporate management, sales, marketing and industry knowledge, technology, R&D and production, finance and accounting, and legal and compliance matters to be skills that contribute to the exercise of the supervisory function of the Board of Directors to continuously enhance the Company's corporate value.

If the Company's proposal for the election of Directors (including Outside Directors) is approved at this Ordinary General Meeting of Shareholders, the Board of Directors will be formed of three independent directors and one female Director out of seven, which would fulfill satisfy the requirement of having at least one-third independent directors as stipulated in the Corporate Governance Code. The four candidates for Director (excluding Outside Directors) are all familiar with the Company's business, and each has expertise in sales, marketing and industry knowledge, technology, R&D and production, finance and accounting, and legal and compliance, and has the skills and experience that contribute to the exercise of appropriate management and supervisory functions to enhance corporate value. In addition, the three candidates for Outside Director are all independent directors, and are composed of one person with experience in corporate management and two attorneys at law, each of whom has specialized knowledge and a variety of experience, as well as in-depth knowledge of corporate governance, and they provide frank and active appropriate opinions on the Company's management, etc., from an objective perspective based on their wealth of knowledge and experience.

As described above, because the management oversight function is being exercised, and the effectiveness of governance aimed at sustainable growth and enhancement of corporate value is being sufficiently secured under the current structure of the Board of Directors, we do not necessarily believe that it is essential to have a majority of Outside Directors. Moreover, we believe that establishing a provision such as the one in this shareholder proposal in the Articles of Incorporation would impair the flexibility of the selection of candidates for Directors, and as a result, there is a risk that it would interfere with the optimal composition of the Board of Directors and improvement of its effectiveness.

The Board of Directors therefore opposes this shareholder proposal.