

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities Code: 4611

Date of sending by postal mail: June 2, 2025

Start date of measures for electronic provision: May 26, 2025

To our shareholders:

Takayuki Sato President

Dai Nippon Toryo Co., Ltd.

18-11 Minamisemba 1-chome, Chuo-ku, Osaka

NOTICE OF THE 142ND ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dai Nippon Toryo Co., Ltd. (the “Company”) would hereby like to inform you that the 142nd Ordinary General Meeting of Shareholders will be held as described below.

When convening this General Meeting of Shareholders, measures for providing information in electronic format will be implemented for the information contained in the Reference Documents, etc., for this General Meeting of Shareholders (matters subject to the measures for electronic provision), which will be posted on the following websites on the Internet. You are kindly requested to access any of these websites and check the information.

The Company’s website, General Meeting of Shareholders page:

<https://www.dnt.co.jp/ir/stock/meeting/> (in Japanese)

Website for the materials for the General Meeting of Shareholders:

<https://d.sokai.jp/4611/teiji/> (in Japanese)

TSE website (Listed Company Search):

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

Access the TSE website by using the Internet address shown above, enter “Dai Nippon Toryo” in “Issue name (company name)” or the Company’s securities code “4611” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].”

If you do not attend the meeting in person, you may exercise your voting rights by the Internet or by postal mail. In this case, after reviewing the Reference Documents for the General Meeting of Shareholders, please exercise your voting rights no later than 5:00 p.m., Monday, June 23, 2025 (Japan Standard Time).

- 1. Date and Time:** Tuesday, June 24, 2025 at 10:00 a.m. (Japan Standard Time) (Reception scheduled to open at 9:00 a.m.)
- 2. Venue:** SR Building Nagahori, 9th Floor Conference Room of the Company’s Head office
18-11 Minamisemba 1-chome, Chuo-ku, Osaka

3. Purposes:

Items to be reported:

1. Business Report and Consolidated Financial Statements for the 142nd Term (from April 1, 2024 to March 31, 2025), as well as the results of the audit of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors
2. Non-Consolidated Financial Statements for the 142nd Term (from April 1, 2024 to March 31, 2025)

Items to be resolved:

<Company Proposals>

- Proposal 1:** Appropriation of Surplus
Proposal 2: Election of Nine (9) Directors
Proposal 3: Election of One (1) Corporate Auditor
Proposal 4: Election of One (1) Substitute Corporate Auditor
Proposal 5: Revision of Remuneration Amount for Granting Restricted Shares to Directors
(Excluding Outside Directors)

<Shareholder Proposal>

- Proposal 6:** Appropriation of Surplus

Matters subject to the measures for electronic provision

- The system for providing materials for the General Meeting of Shareholders in electronic format began due to amendments to the Companies Act which came into effect on September 1, 2022. Concerning informational materials for this General Meeting of Shareholders, the Company has sent out paper-based documents stating matters subject to measures for electronic provision to all shareholders, whether or not a request for delivery of paper-based documents has been made.
- Those documents do not include the following matters in accordance with the provisions of laws and regulations and the Company's Articles of Incorporation. Note that similarly to the matters stated in the paper-based documents, the matters mentioned below are also audited by the Accounting Auditor and the Board of Corporate Auditors when they prepared their respective audit reports.
 - (1) "Principal Lines of Business" "Principal Business Offices" "Employees" "Major Creditors" "Share Acquisition Rights, etc." "Matters regarding Accounting Auditors" and "The Systems to Ensure the Appropriateness of Operations and Status of Operations of the System" in the Business Report
 - (2) "Consolidated Statements of Changes in Net Assets" and "Notes to the Consolidated Financial Statements"
 - (3) "Non-Consolidated Statements of Changes in Net Assets" and "Notes to the Non-Consolidated Financial Statements" in the Non-Consolidated Financial Statements
- If revisions to the matters subject to measures for electronic provision arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on each of the above websites on the Internet.

Attending the General Meeting of Shareholders

- If you attend the meeting in person, please submit the enclosed voting form at the reception.

Results of the resolutions of this meeting

- Please note that the Company will post the results of the resolutions of this meeting on the Company's website after the General Meeting of Shareholders, instead of sending a written notice of the resolutions.

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Matters

Company Proposals (Proposals 1 through 5)
Proposals 1 through 5 are proposed by the Company.

Proposal 1: Appropriation of Surplus

In order to promote management with an awareness of cost of capital and share price, the Company regards the determination of the amount of dividends to be paid to shareholders as one of its important management issues, and the Company aims to maintain consistent and stable payment of dividends according to its business performance as its basic policy, while striving to strengthen its corporate structure and maintain financial soundness of the Company. Based on this basic policy, the shareholder return policy in Medium-Term Management Plan 2026 is to introduce Dividend on Equity (DOE) as a shareholder return indicator to ensure long-term stable dividends, with the goal of achieving a ratio of dividends to shareholders' equity as of the end of the previous fiscal year of 3.0% by FY2026.

In conjunction with this, in Medium-Term Management Plan 2026, we also clarified our policy on capital allocation, aiming to achieve stable and continuous shareholder returns as well as to make strategic investments for future growth. We expect to pay a total of approximately ¥5.0 billion in dividends over three years. In addition, we plan to allocate approximately ¥20.0 billion for capital investment, M&A, and other growth investments. As a result, we believe that this will enable us to both enhance the continuous returns to our shareholders and increase our corporate value over the medium to long term.

Based on the above, we plan to pay a year-end dividend of ¥49 per share for the current fiscal year, an increase of ¥14 from the previous year-end dividend. This satisfies a level of approximately 3.0% of shareholders' equity at the end of the fiscal year ended March 31, 2024.

1. Type of dividend property
Cash
2. Allocation of dividend property to shareholders and total amount thereof
¥49 per common share of the Company
Total amount of dividends: ¥1,396,348,149
3. Effective date of distribution of dividends of surplus
June 25, 2025

Proposal 2: Election of Nine (9) Directors

The term of office of all nine (9) Directors will expire at the conclusion of this meeting. Therefore, we propose the election of nine (9) Directors (of whom three (3) are Outside Directors).

Candidates for Directors have been determined by the Board of Directors based on the recommendation of the Nominating Committee, a majority of which consists of Outside Directors. The candidates for Directors are as follows:

No.	Name		Position and responsibilities in the Company	Attendance to the Board of Directors meetings	Gender	Tenure as Director (at the conclusion of this meeting)
1	Takayuki Sato	Reelection	Representative Director and President	100% (18/18)	Male	Thirteen (13) years
2	Tatsuhiko Nagano	Reelection	Director, Managing Executive Officer General Manager, Administrative Division and General Manager, Financial Department, Administrative Division	100% (18/18)	Male	Seven (7) years
3	Motohiro Yamamoto	Reelection	Director, Executive Officer General Manager, Specialty Business Division, and Deputy General Manager, Coating Business Division (Head of Technology)	100% (18/18)	Male	Eight (8) years
4	Masayuki Nakatani	Reelection	Director, Executive Officer General Manager, Overseas Operations Division	100% (18/18)	Male	Three (3) years
5	Akihiro Miyake	Reelection	Director, Executive Officer General Manager, Production Division	100% (18/18)	Male	Two (2) years
6	Akira Fujiwara	Reelection	Director, Executive Officer General Manager, Coating Business Division	100% (14/14)	Male	One (1) year
7	Kimiyo Hayashi	Reelection Outside Independent	Director	100% (18/18)	Female	Six (6) years
8	Hiroshi Sato	Reelection Outside Independent	Director	100% (18/18)	Male	Three (3) years
9	Koji Baba	Reelection Outside Independent	Director	100% (18/18)	Male	Three (3) years

- Notes:
1. The attendance to the Board of Directors meetings for Akira Fujiwara covers the Board of Directors meetings held after assuming his office on June 27, 2024.
 2. In addition to the above number of the Board of Directors held, there was one written resolution deemed to have been resolved by the Board of Directors based on Article 370 of the Companies Act and Article 24 of the Articles of Incorporation of the Company.

Reelection: Candidate for Director to be reelected

Outside: Candidate for Outside Director

Independent: Independent Officer as defined by the Tokyo Stock Exchange

No.	Name (Date of birth)	Career summary, position and responsibilities	Number of the Company's shares owned
1	Takayuki Sato (January 15, 1961) Reelection Tenure as Director (at the conclusion of this meeting) Thirteen (13) years Attendance to the Board of Directors meetings 18/18 (100%)	<p>Apr. 1984 Joined the Company</p> <p>Apr. 2009 Deputy General Manager, Protective Coating Department, General Coating Business Division of the Company</p> <p>Apr. 2010 General Manager, Development Department, Technical Development Division of the Company</p> <p>Apr. 2011 Executive Officer, Deputy General Manager, General Coating Business Division (Head of Technology), and Deputy General Manager, Industrial Coating Business Division (Head of Technology) of the Company</p> <p>Apr. 2012 General Manager, Technical Development Division, and Deputy General Manager, Coating Business Division (Head of Technology) of the Company</p> <p>June 2012 Director of the Company</p> <p>Apr. 2014 General Manager, Coating Business Division, and General Manager, Marketing & Sales Department of the Company</p> <p>Apr. 2016 Managing Executive Officer, General Manager, Protective & Decorative Coatings Department, Coating Business Division of the Company</p> <p>Apr. 2018 Senior Managing Executive Officer, Overall management of the Company</p> <p>June 2018 Representative Director and President of the Company (present position)</p> <p>[Responsibilities] Internal Audit Department, Quality Assurance Department</p>	39,060 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>Takayuki Sato has a long and proven track record in the technical and marketing divisions of the Company. Since assuming the office of Representative Director and President of the Company in 2018, he has been leading the overall management of the Company's Group with strong leadership, appropriately making important decisions at the Board of Directors and supervising execution of business. In addition, as the officer in charge of quality, he is promoting further strengthening of the quality control system.</p> <p>Considering this wealth of experience and achievements, the Company requests his reelection as a Director in the belief that he will strengthen the decision-making and supervisory functions of the Board of Directors, and will contribute towards continuous growth and further improvement of the corporate value of the Company's Group.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities		Number of the Company’s shares owned
2	Tatsuhiko Nagano (September 22, 1963) Reelection Tenure as Director (at the conclusion of this meeting) Seven (7) years Attendance to the Board of Directors meetings 18/18 (100%)	Apr. 1987	Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)	12,533 shares
		May 2012	General Manager, Corporate Banking Division No. 5, Corporate Banking Group No. 2, The Bank of Tokyo-Mitsubishi UFJ, Ltd.	
		June 2014	General Manager, Marunouchi Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd.	
		June 2017	Executive Officer, Deputy General Manager, Administrative Division, and in charge of Finance of the Company	
		Apr. 2018	General Manager, Administrative Division of the Company (present position)	
		June 2018	Director (present position), Managing Executive Officer of the Company (present position)	
		Oct. 2020	In charge of Promotion of Dealer’s Collaboration of the Company	
		Apr. 2022	General Manager, Corporate Planning Department, Administrative Division of the Company	
		Apr. 2024	General Manager, Financial Department, Administrative Division of the Company (present position)	
			[Responsibilities] Administrative Division	
[Reasons for nomination as candidate for Director] Tatsuhiko Nagano has ample expertise gained through his experience in finance and management strategies in a financial institution. At the Company, he is in charge of the Administration Division, and plays a central role in implementing Medium-Term Management Plan 2026, including the execution of M&A strategies, the reduction of cross-shareholdings, and the introduction of a new dividend strategy. Considering this wealth of experience and achievements, the Company requests his reelection as a Director in the belief that he will strengthen the decision-making and supervisory functions of the Board of Directors, and will contribute towards continuous growth and further improvement of the corporate value of the Company’s Group.				

No.	Name (Date of birth)	Career summary, position and responsibilities		Number of the Company’s shares owned
3	Motohiro Yamamoto (January 18, 1964) Reelection Tenure as Director (at the conclusion of this meeting) Eight (8) years Attendance to the Board of Directors meetings 18/18 (100%)	Apr. 1986	Joined the Company	13,063 shares
		Apr. 2014	Deputy General Manager, Technical Development Division, General Manager, Development Department, Head of First Technical Development Group, and Deputy General Manager, Protective & Decorative Coatings Department of the Company	
		Apr. 2015	Executive Officer of the Company (present position)	
		Apr. 2016	General Manager, Technical Development Division, and Deputy General Manager, Coating Business Division (Head of Technology) of the Company	
		June 2017	Director of the Company (present position)	
		Apr. 2018	General Manager, Coating Business Division of the Company	
		Apr. 2022	General Manager, Specialty Business Division (present position), and Deputy General Manager, Coating Business Division (Head of Technology) (present position) of the Company	
		[Responsibilities] Specialty Business Division, Technical Development Division		
[Reasons for nomination as candidate for Director] Motohiro Yamamoto has ample expertise gained through his experience in coating development and market development in the technical and marketing divisions of the Company. He is currently responsible for the Specialty Business Division and the Technical Development Division. Considering this wealth of experience and achievements, the Company requests his reelection as a Director in the belief that he will strengthen the decision-making and supervisory functions of the Board of Directors, and will contribute towards continuous growth and further improvement of the corporate value of the Company’s Group.				

No.	Name (Date of birth)	Career summary, position and responsibilities		Number of the Company’s shares owned
4	Masayuki Nakatani (December 8, 1966) Reelection Tenure as Director (at the conclusion of this meeting) Three (3) years Attendance to the Board of Directors meetings 18/18 (100%)	Apr. 1990	Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)	9,505 shares
		Oct. 2011	Deputy General Manager, Corporate Administration Division, The Bank of Tokyo- Mitsubishi UFJ, Ltd.	
		Oct. 2014	Deputy General Manager, Namba Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd.	
		Apr. 2015	General Manager, Tokuyama Branch, and General Manager, Tokuyama Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd.	
		Oct. 2017	Deputy General Manager, Credit Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd.	
		May 2019	Joined the Company Senior Manager, Corporate Planning Department, Administrative Division	
		Apr. 2020	Executive Officer (present position), General Manager, Corporate Planning Department, Administrative Division of the Company	
		Apr. 2022	General Manager, Overseas Operations Division of the Company (present position)	
		June 2022	Director of the Company (present position) In charge of Procurement	
		[Responsibilities] Overseas Operations Division, Procurement Division		
		[Reasons for nomination as candidate for Director] Masayuki Nakatani has ample expertise gained through his experience in finance and accounting in a financial institution. After joining the Company, he developed and promoted the medium-term management plan as the General Manager of the Corporate Planning Department, and he was responsible for management and internal control of Group companies in Japan and overseas. Drawing on these strong management ability and track record, he is currently responsible for the Overseas Operations Division and Procurement Division. Considering this wealth of experience and achievements, the Company requests his reelection as a Director in the belief that he will strengthen the decision-making and supervisory functions of the Board of Directors, and will contribute towards continuous growth and further improvement of the corporate value of the Company’s Group.		

No.	Name (Date of birth)	Career summary, position and responsibilities	Number of the Company's shares owned
5	Akihiro Miyake (February 7, 1971) Reelection Tenure as Director (at the conclusion of this meeting) Two (2) years Attendance to the Board of Directors meetings 18/18 (100%)	<div> <div>Apr. 1996</div> <div>Joined the Company</div> </div> <div> <div>Apr. 2013</div> <div>Deputy General Manager, Production Engineering Department, Production Division of the Company</div> </div> <div> <div>Apr. 2015</div> <div>Deputy General Manager, Coating Business Planning Department, Coating Business Division of the Company</div> </div> <div> <div>Apr. 2017</div> <div>General Manager, Coating Business Planning Department, Coating Business Division of the Company</div> </div> <div> <div>Apr. 2021</div> <div>Executive Officer (present position), General Manager, Production Engineering Department, Production Division of the Company</div> </div> <div> <div>Apr. 2022</div> <div>General Manager, Production Division of the Company (present position)</div> </div> <div> <div>June 2023</div> <div>Director of the Company (present position)</div> </div> <div> <div>[Responsibilities]</div> <div>Production Division</div> </div>	10,442 shares
<div> <div>[Reasons for nomination as candidate for Director]</div> <div>In addition to his ample expertise gained through his experience in coating development and manufacturing and business planning in the technical, production and marketing divisions of the Company, Akihiro Miyake has a track record of various projects such as constructing core systems and quality management, and is currently responsible for the Production Division.</div> <div>Considering this wealth of experience and achievements, the Company requests his reelection as a Director in the belief that he will strengthen the decision-making and supervisory functions of the Board of Directors, and will contribute towards continuous growth and further improvement of the corporate value of the Company's Group.</div> </div>			

No.	Name (Date of birth)	Career summary, position and responsibilities	Number of the Company's shares owned
6	Akira Fujiwara (April 18, 1960) Reelection Tenure as Director (at the conclusion of this meeting) One (1) year Attendance to the Board of Directors meetings (after assuming office on June 27, 2024) 14/14 (100%)	<p>Apr. 1983 Joined the Company</p> <p>Apr. 2010 General Manager, West Japan Marketing & Sales Department, General Coating Marketing & Sales Department, General Coating Business Division of the Company</p> <p>Apr. 2013 General Manager, Metal Baking Coatings Department, Coating Business Division of the Company</p> <p>July 2016 General Manager, Marketing & Sales Department, Coating Business Division of the Company</p> <p>Apr. 2017 Representative Director and President, DNT Sanyo Chemical Co., Ltd.</p> <p>Apr. 2020 Executive Officer (present position), Deputy General Manager, Coating Business Division of the Company</p> <p>Apr. 2021 General Manager, Coating Business Planning Department, Coating Business Division of the Company</p> <p>Apr. 2023 General Manager, Market Development Department, Coating Business Division of the Company</p> <p>Dec. 2023 General Manager, Coating Business Division of the Company (present position)</p> <p>June 2024 Director of the Company (present position)</p> <p>[Responsibilities] Coating Business Division</p>	4,977 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>In addition to his ample expertise gained through his experience in market development and business planning cultivated over many years in the marketing division of the Company, Akira Fujiwara has management experience in the Group's sales-related companies in Japan and is currently responsible for the coating business division. Considering this wealth of experience and achievements, the Company requests his reelection as a Director in the belief that he will strengthen the decision-making and supervisory functions of the Board of Directors, and will contribute towards continuous growth and further improvement of the corporate value of the Company's Group.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities		Number of the Company's shares owned
7	Kimiyo Hayashi (April 29, 1958) Reelection Outside Independent Tenure as Outside Director (at the conclusion of this meeting) Six (6) years Attendance to the Board of Directors meetings 18/18 (100%)	Oct. 1982	Joined Asahi & Co. (currently KPMG AZSA LLC)	3,900 shares
		Mar. 1986	Registered as a certified public accountant (to the present)	
		Oct. 1995	Senior Manager, Asahi & Co. (retired in September 2009)	
		Oct. 2009	Representative, Hayashi Kimiyo Certified Public Accountant Office (present position)	
		Oct. 2010	Corporate Auditor, Iwatani Direct Co., Ltd. (currently IWATANI-I-COLLECT Co., Ltd.) (present position)	
		June 2019	Director of the Company (present position)	
		June 2020	Outside Auditor, NEW COSMOS ELECTRIC CO., LTD. (present position)	
		[Significant concurrent positions outside the Company] Representative, Hayashi Kimiyo Certified Public Accountant Office		
		Outside Auditor, NEW COSMOS ELECTRIC CO., LTD.		
		[Summary of reasons for nomination as candidate for Outside Director and expected roles] In addition to her wealth of insight in finance and accounting as a certified public accountant, Kimiyo Hayashi has ample experience as an auditor of business corporations. In the Company, she is appropriately playing her role of the management supervisory function, including actively participating in discussion at the Board of Directors from her expert perspective. The Company requests her reelection as an Outside Director in the expectation that her advice on the Company's overall management will contribute towards reinforcement of corporate governance of the Company, which leads to accomplishing continuous growth and further improvement of the corporate value of the Company's Group. Moreover, if she is reelected, the Company will seek her continued involvement in selecting the Company's officer candidates and making decisions on officer remuneration and other matters from an objective and neutral perspective as a member of the Nominating Committee and the Remuneration Advisory Committee. Although she has not been involved in the management of a company except as an outside officer in the past, the Company deems her capable of appropriately performing her professional duties as an Outside Director for the reasons above.		
[Facts regarding violations of laws, regulations, or the Articles of Incorporation of the Company or other companies in which candidate for Outside Director concurrently serves as officer] In November 2024, while Kimiyo Hayashi was serving as an Outside Director of the Company, the Company judged there to have been an inappropriate incident regarding violation of internal rules in connection with outsourcing management and voluntarily paused shipment of such products as products with JIS mark display, and the Company received a notice of temporary suspension on using the JIS mark display from the Japan Paint Inspection and testing Association (JPIA). Although she was unaware of the said misconduct until it was discovered, she has been regularly making recommendations, etc. from the viewpoint of legal compliance. After the discovery of the said misconduct, she fulfilled her responsibilities by providing advice, etc. on how to strengthen the internal control system and ensure compliance in order to prevent recurrence.				

No.	Name (Date of birth)	Career summary, position and responsibilities		Number of the Company's shares owned
8	Hiroshi Sato (January 2, 1958) Reelection Outside Independent Tenure as Outside Director (at the conclusion of this meeting) Three (3) years Attendance to the Board of Directors meetings 18/18 (100%)	Apr. 1980	Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)	1,600 shares
		May 2005	General Manager, Credit & Advisory Division, The Bank of Tokyo-Mitsubishi, Ltd. (currently MUFG Bank, Ltd.)	
		May 2006	General Manager, Credit Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.)	
		June 2007	Executive Officer, Manager, Credit Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd.	
		June 2008	Full-time Member of the Audit & Supervisory Committee, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (retired in June 2011)	
		June 2011	Representative Director and Managing Director, Mitsubishi Steel Mfg. Co., Ltd. (retired in June 2017)	
		June 2017	Standing Audit & Supervisory Board Member, Mitsubishi Materials Corporation	
		June 2019	Outside Director and Standing Audit Committee Member, Mitsubishi Materials Corporation (retired in June 2022)	
		June 2022	Director of the Company (present position)	
<p>[Summary of reasons for nomination as candidate for Outside Director and expected roles]</p> <p>Hiroshi Sato has ample expertise related to finance, accounting, and corporate management gained through his experience as a corporate auditor of a financial institution and a senior corporate executive and corporate auditor of listed enterprises. By applying these skills, he is appropriately playing his role of the management supervisory function, including actively participating in discussion at the Board of Directors. The Company requests his reelection as an Outside Director in the expectation that his advice on the Company's overall management will contribute towards reinforcement of corporate governance of the Company, which leads to accomplishing continuous growth and further improvement of the corporate value of the Company's Group.</p> <p>Moreover, if he is reelected, the Company will seek his continued involvement in selecting the Company's officer candidates and making decisions on officer remuneration and other matters from an objective and neutral perspective as a member of the Nominating Committee and the Remuneration Advisory Committee.</p>				
<p>[Facts regarding violations of laws, regulations, or the Articles of Incorporation of the Company or other companies in which candidate for Outside Director concurrently serves as officer]</p> <p>In November 2024, while Hiroshi Sato was serving as an Outside Director of the Company, the Company judged there to have been an inappropriate incident regarding violation of internal rules in connection with outsourcing management and voluntarily paused shipment of such products as products with JIS mark display, and the Company received a notice of temporary suspension on using the JIS mark display from the Japan Paint Inspection and testing Association (JPIA).</p> <p>Although he was unaware of the said misconduct until it was discovered, he has been regularly making recommendations, etc. from the viewpoint of legal compliance. After the discovery of the said misconduct, he fulfilled his responsibilities by providing advice, etc. on how to strengthen the internal control system and ensure compliance in order to prevent recurrence, as well as investigating the facts as a member of the special investigation committee.</p>				

No.	Name (Date of birth)	Career summary, position and responsibilities		Number of the Company's shares owned
9	Koji Baba (August 22, 1957) Reelection Outside Independent Tenure as Outside Director (at the conclusion of this meeting) Three (3) years Attendance to the Board of Directors meetings 18/18 (100%)	Apr. 1981	Joined The Bank of Tokyo, Ltd. (currently MUFG Bank, Ltd.)	1,600 shares
		May 2007	General Manager, Johannesburg Representative Office, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.)	
		Dec. 2010	Joined Nippon Yusoki Co., Ltd. (currently Mitsubishi Logisnext Co., Ltd.)	
		Apr. 2011	General Manager, Business Planning Office, Sales and Marketing Headquarters, Nippon Yusoki Co., Ltd.	
		Apr. 2013	Division Head, General Manager, Overseas Business Planning Division, Overseas Sales and Marketing Headquarters, Mitsubishi Nichiyu Forklift Co., Ltd. (currently Mitsubishi Logisnext Co., Ltd.)	
		June 2014	Executive Officer, Division Head, General Manager, Overseas Business Planning Division, Overseas Sales and Marketing Headquarters, Mitsubishi Nichiyu Forklift Co., Ltd.	
		Oct. 2017	Member of the Executive Team, Deputy Head, Overseas Sales and Marketing Headquarters and Division Head, General Manager, Overseas Business Planning Division, Mitsubishi Logisnext Co., Ltd.	
		June 2019	Audit and Supervisory Board Member, Mitsubishi Logisnext Co., Ltd. (retired in June 2023)	
		June 2022	Director of the Company (present position)	
<p>[Summary of reasons for nomination as candidate for Outside Director and expected roles]</p> <p>Koji Baba has ample expertise related to finance and accounting as well as overseas business gained through his experience as an executive officer in charge of overseas sales and a corporate auditor of a listed enterprise, in addition to many years of experience in a financial institution. By applying these skills, he is appropriately playing his role of the management supervisory function, including actively participating in discussion at the Board of Directors. The Company requests his reelection as an Outside Director in the expectation that his advice on the Company's overall management will contribute towards reinforcement of corporate governance of the Company, which leads to accomplishing continuous growth and further improvement of the corporate value of the Company's Group. Moreover, if he is reelected, the Company will seek his continued involvement in selecting the Company's officer candidates and making decisions on officer remuneration and other matters from an objective and neutral perspective as a member of the Nominating Committee and the Remuneration Advisory Committee.</p>				
<p>[Facts regarding violations of laws, regulations, or the Articles of Incorporation of the Company or other companies in which candidate for Outside Director concurrently serves as officer]</p> <p>In November 2024, while Koji Baba was serving as an Outside Director of the Company, the Company judged there to have been an inappropriate incident regarding violation of internal rules in connection with outsourcing management and voluntarily paused shipment of such products as products with JIS mark display, and the Company received a notice of temporary suspension on using the JIS mark display from the Japan Paint Inspection and testing Association (JPIA).</p> <p>Although he was unaware of the said misconduct until it was discovered, he has been regularly making recommendations, etc. from the viewpoint of legal compliance. After the discovery of the said misconduct, he fulfilled his responsibilities by providing advice, etc. on how to strengthen the internal control system and ensure compliance in order to prevent recurrence.</p>				

- Notes:
1. There are no special interests between any of the candidates and the Company.
 2. Matters pertaining to candidates for Outside Director are as follows.
 - (1) Kimiyo Hayashi, Hiroshi Sato, and Koji Baba are candidates for Outside Director.
The Company has designated these three persons as Independent Officers and notified such designation to the Tokyo Stock Exchange in accordance with the rules of Tokyo Stock Exchange, Inc.
 - (2) Pursuant to Article 427, paragraph (1) of the Companies Act, the Company has entered into limited liability agreements with Kimiyo Hayashi, Hiroshi Sato, and Koji Baba under Article 423, paragraph (1) of the same Act.

Limitation on liability to compensate for damages under such an agreement is set out to be the minimum amounts set forth in the relevant laws and regulations. If the reelection of the three are approved, the Company intends to continue the above limited liability agreement with them.

- (3) Although Kimiyo Hayashi was formerly a member of KPMG AZSA & Co. (currently KPMG AZSA LLC), the accounting auditor of the Company, a significant period of time has passed since she left the said firm (15 years). Accordingly, the Company has determined that the independence of Kimiyo Hayashi is secured.
 - (4) There are business transactions such as borrowings, etc., between the Company and MUFG Bank, Ltd., where Hiroshi Sato served as a corporate auditor and Koji Baba served as a business executive, however, the amount of these borrowings at the end of the most recent fiscal year is small (less than 5.0%) for the consolidated total assets of the Company. Also, 14 years have passed since Hiroshi Sato stepped down from his tenure at said bank and 14 years have passed since Koji Baba departed from his employment at said bank. Therefore, considering the considerable period of time for both cases, the Company has determined that the independence of Hiroshi Sato and Koji Baba is secured.
 - (5) There are business transactions such as providing products, etc., between the Company and Mitsubishi Logisnext Co., Ltd., where Koji Baba served as an Audit and Supervisory Board Member, but the amount of these transactions in the most recent fiscal year is negligible (less than 0.2%) for the consolidated net sales of the Company. Accordingly, the Company has determined that the independence of Koji Baba is secured.
3. The Company has taken out a Directors and Officers liability insurance policy with an insurance company, as stipulated in Article 430-3, paragraph (1) of the Companies Act, with all of its Directors covered as insured parties thereto. The insurance policy provides coverage with respect to officers and others who are the insured parties for losses that arise from their assumption of liability incurred in the course of performing their professional duties or otherwise arising as a result of them having become subject to claims pertaining to the pursuit of such liability. However, there are certain reasons for coverage exclusion in that, for instance, the policy does not provide coverage for losses arising due to performance of an illegal act with full knowledge of its illegality. In addition, when the insurance policy is renewed, the Company plans to renew the policy with the same terms. All candidates for Director will be listed as insured parties under the insurance policy.

Proposal 3: Election of One (1) Corporate Auditor

The term of office of Corporate Auditor Hideki Sugiura will expire at the conclusion of this meeting. Therefore, we propose the election of one (1) Corporate Auditor.

The candidate for Corporate Auditor has been determined by the Board of Directors based on the recommendation of the Nominating Committee, a majority of which consists of Outside Directors.

The Board of Corporate Auditors has given its consent to this proposal.

The candidate for Corporate Auditor is as follows:

Name (Date of birth)	Career summary and position		Number of the Company’s shares owned
Hideki Sugiura (February 2, 1966) Reelection Outside Independent Tenure as Outside Corporate Auditor (at the conclusion of this meeting) Four (4) years Attendance to the Board of Directors meetings 18/18 (100%) Attendance to the Board of Corporate Auditors meetings 14/14 (100%)	Apr. 1989	Joined The Mitsubishi Trust and Banking Corporation (currently Mitsubishi UFJ Trust and Banking Corporation)	1,900 shares
	Feb. 2012	Deputy General Manager, Corporate Advisory Service Division, Mitsubishi UFJ Trust and Banking Corporation	
	Oct. 2013	Deputy General Manager, Credit Supervisory Division, Mitsubishi UFJ Trust and Banking Corporation	
	Aug. 2014	General Manager, Real Estate Finance Credit Division, Mitsubishi UFJ Trust and Banking Corporation	
	Apr. 2017	Deputy General Manager, Real Estate Trust Division, Mitsubishi UFJ Trust and Banking Corporation	
	Apr. 2018	Deputy General Manager, Group Real Estate Business Division, Mitsubishi UFJ Trust and Banking Corporation	
	Apr. 2021	Seconded to MU Trust Apple Planning Company, Ltd. (retired from Mitsubishi UFJ Trust and Banking Corporation in June 2021)	
	June 2021	Full-time Corporate Auditor of the Company (present position)	
	June 2024	Outside Corporate Auditor, Mitsubishi Logisnext Co., Ltd. (present position)	
	[Significant concurrent positions outside the Company] Outside Corporate Auditor, Mitsubishi Logisnext Co., Ltd.		
[Reasons for nomination as candidate for Outside Corporate Auditor] Hideki Sugiura has ample expertise in finance, accounting, and risk management gained through his many years of experience in a financial institution, as well as ample expertise gained through his experience in audit operations as the chair of the Audit & Supervisory Board of the Company. Since assuming the office of Outside Corporate Auditor of the Company, he is appropriately auditing the exercise of duties by Directors of the Company, including actively participating in discussion at the Board of Directors. Considering the above track record, the Company requests his reelection as an Outside Corporate Auditor in the belief that he is the right person to further reinforce the audit system of the Company’s Group. Although he has not been involved in the management of a company except as an outside officer in the past, the Company deems his capable of appropriately performing his professional duties as an Outside Corporate Auditor based on his many years of experience in a financial institution.			

[Facts regarding violations of laws, regulations, or the Articles of Incorporation of the Company or other companies in which candidate for Outside Corporate Auditor concurrently serves as officer]

In October 2023, while Hideki Sugiura was serving as an Outside Corporate Auditor of the Company, the Company announced that inappropriate actions, such as falsification of inspection values in relation to the inspection standards established within the Company, had been conducted on JIS products manufactured by our consolidated subsidiary Okayama Kako Co., Ltd.

Although he was unaware of the said misconduct until it was discovered, he has been regularly making recommendations, etc. from the viewpoint of legal compliance. After the discovery of the said misconduct, he fulfilled his responsibilities by providing advice, etc. on how to strengthen the internal control system and ensure compliance in order to prevent recurrence, as well as investigating the facts as a member of the special investigation committee.

In addition, in November 2024, while he was serving as an Outside Corporate Auditor of the Company, the Company judged there to have been an inappropriate incident regarding violation of internal rules in connection with outsourcing management and voluntarily paused shipment of such products as products with JIS mark display, and the Company received a notice of temporary suspension on using the JIS mark display from the Japan Paint Inspection and testing Association (JPIA).

Although he was unaware of the said misconduct until it was discovered, he has been regularly making recommendations, etc. from the viewpoint of legal compliance. After the discovery of the said misconduct, he fulfilled his responsibilities by providing advice, etc. on how to strengthen the internal control system and ensure compliance in order to prevent recurrence, as well as investigating the facts as a member of the special investigation committee.

- Notes:
1. There is no special interest between Hideki Sugiura, a candidate for Outside Corporate Auditor, and the Company.
 2. Hideki Sugiura is a candidate for Outside Corporate Auditor.
The Company has designated Hideki Sugiura as an Independent Officer and notified such designation to the Tokyo Stock Exchange in accordance with the rules of Tokyo Stock Exchange, Inc.
 3. Pursuant to Article 427, paragraph (1) of the Companies Act, the Company has entered into a limited liability agreement with Hideki Sugiura under Article 423, paragraph (1) of the same Act. Limitation on liability to compensate for damages under such an agreement is set out to be the minimum amounts set forth in the relevant laws and regulations. If the reelection of Hideki Sugiura is approved, the Company intends to continue the above limited liability agreement.
 4. There are business transactions, such as stock transfer agency business and consulting services, between the Company and Mitsubishi UFJ Trust and Banking Corporation, where Hideki Sugiura served as a business executive, but the amount of these transactions as of the end of the most recent fiscal year is negligible (less than 0.01%) for the consolidated net sales of Mitsubishi UFJ Trust and Banking Corporation. Accordingly, the Company has determined that the independence of Hideki Sugiura is secured.
 5. There are business transactions such as providing products, etc., between the Company and Mitsubishi Logisnext Co., Ltd., where Hideki Sugiura served as an Outside Audit and Supervisory Board Member, but the amount of these transactions in the most recent fiscal year is negligible (less than 0.2%) for the consolidated net sales of the Company. Accordingly, the Company has determined that the independence of Hideki Sugiura is secured.
 6. The Company has taken out a Directors and Officers liability insurance policy with an insurance company, as stipulated in Article 430-3, paragraph (1) of the Companies Act, with all of its Corporate Auditors covered as insured parties thereto. The insurance policy provides coverage with respect to officers and others who are the insured parties for losses that arise from their assumption of liability incurred in the course of performing their professional duties or otherwise arising as a result of them having become subject to claims pertaining to the pursuit of such liability. However, there are certain reasons for coverage exclusion in that, for instance, the policy does not provide coverage for losses arising due to performance of an illegal act with full knowledge of its illegality. In addition, when the insurance policy is renewed, the Company plans to renew the policy with the same terms. If the reelection of Hideki Sugiura is approved, he will be listed as an insured party under the insurance policy.

Proposal 4: Election of One (1) Substitute Corporate Auditor

The effect of assignment of substitute Corporate Auditor Kei Nishida will expire at the commencement of this meeting. Therefore, we propose the election of one (1) substitute Corporate Auditor to prepare for a situation where the number of Corporate Auditor does not satisfy the number prescribed by laws and regulations.

The candidate for substitute Corporate Auditor has been determined by the Board of Directors based on the recommendation of the Nominating Committee, a majority of which consists of Outside Directors.

The Board of Corporate Auditors has given its consent to this proposal.

The candidate for substitute Corporate Auditor is as follows:

Name (Date of birth)	Career summary	Number of the Company's shares owned
Kei Nishida (July 8, 1954) Outside Independent	<p>Apr. 1977 Joined Japan Storage Battery Co., Ltd. (currently GS Yuasa International Ltd.)</p> <p>July 2007 General Manager, Corporate Strategy Management Division, and Head of Public Relations Office, GS Yuasa Corporation</p> <p>June 2008 Corporate Officer, GS Yuasa Corporation</p> <p>June 2009 Director, GS Yuasa Corporation</p> <p>Apr. 2010 Head of the Corporate Office, GS Yuasa Corporation</p> <p>June 2012 Managing Director, GS Yuasa Corporation</p> <p>June 2015 Representative Director and Senior Managing Director, GS Yuasa Corporation</p> <p>June 2018 Representative Director and Executive Vice President, GS Yuasa Corporation</p> <p>June 2020 Consultant, GS Yuasa Corporation (retired in June 2021)</p> <p>June 2021 Outside Director, TOKYO ELECTRON DEVICE LIMITED (present position)</p> <p>[Significant concurrent positions outside the Company] Outside Director, TOKYO ELECTRON DEVICE LIMITED</p>	0 shares
<p>[Reasons for nomination as candidate for substitute Outside Corporate Auditor]</p> <p>Kei Nishida has ample expertise related to corporate management gained through his experience as a senior corporate executive and outside director of listed enterprises. The Company requests his election as a substitute Outside Corporate Auditor in the expectation that he will appropriately execute his duties as Corporate Auditor from his expert perspective drawing on such expertise.</p>		

- Notes:
1. There is no special interest between Kei Nishida, a candidate for substitute Outside Corporate Auditor, and the Company.
 2. Kei Nishida is a candidate for substitute Outside Corporate Auditor. If he is appointed Corporate Auditor, the Company plans to designate Kei Nishida as an Independent Officer and notify such designation to the Tokyo Stock Exchange in accordance with the rules of Tokyo Stock Exchange, Inc.
 3. If Kei Nishida is appointed Corporate Auditor, pursuant to Article 427, paragraph (1) of the Companies Act, the Company intends to enter into a limited liability agreement with him under Article 423, paragraph (1) of the same Act. Limitation on liability to compensate for damages under such an agreement is set out to be the minimum amounts set forth in the relevant laws and regulations.
 4. The Company has taken out a Directors and Officers liability insurance policy with an insurance company, as stipulated in Article 430-3, paragraph (1) of the Companies Act, with all of its Corporate Auditors covered as insured parties thereto. The insurance policy provides coverage with respect to officers and others who are the insured parties for losses that arise from their assumption of liability incurred in the course of performing their professional duties or otherwise arising as a result of them having become subject to claims pertaining to the pursuit of such liability. However, there are certain reasons for coverage exclusion in that, for instance, the policy does not provide coverage for losses arising due to performance of an illegal act with full knowledge of its illegality. In addition, when the insurance policy is renewed, the Company plans to renew the policy with the same terms. If Kei Nishida is appointed Corporate Auditor, the Company intends to list him as an insured party under the insurance policy.

(Reference) Composition of the Board of Directors and the Board of Corporate Auditors (planned after the conclusion of this meeting)

If Proposals 2 and 3 are approved, the composition of the Board of Directors and the Board of Corporate Auditors of the Company will be as below:

Category	Name	Attributes	Advisory Committee	Director's or Corporate Auditor's expertise, experience, and knowledge							
				Corporate management	Finance & accounting	Legal, compliance, and risk management	Organization & human resources	Global	Sales & marketing	Technology & product development/production	Environment & society
The Board of Directors	Takayuki Sato		Nominating Committee/ Remuneration Advisory Committee	●					●	●	●
	Tatsuhiko Nagano		Nominating Committee/ Remuneration Advisory Committee	●	●	●	●				●
	Motohiro Yamamoto								●	●	
	Masayuki Nakatani			●	●			●			
	Akihiro Miyake								●	●	
	Akira Fujiwara								●		
	Kimiyo Hayashi	Outside Independent	Nominating Committee/ Remuneration Advisory Committee		●						
	Hiroshi Sato	Outside Independent	Nominating Committee/ Remuneration Advisory Committee	●	●	●					
The Board of Corporate Auditors	Koji Baba	Outside Independent	Nominating Committee/ Remuneration Advisory Committee		●			●	●		
	Hideki Sugiura	Outside Independent			●	●					
	Naoyuki Kimura					●		●	●		
	Hiroyuki Fujii	Outside Independent				●	●				●

Note: The table above does not represent all of the skills (expertise, experience, and knowledge) possessed by each person.

(Reference) Independence Criteria for Outside Officers

The Company deems that Outside Directors and Outside Corporate Auditors (including their candidates) have adequate independence from the Company if they meet the requirements for independence stipulated by the Companies Act and the Tokyo Stock Exchange, and do not fall under any of the following items:

- (1) A person whose major business partner is the Company or the Company's subsidiary ("the Company's Group")^{Note 1}, or an executive for that person^{Note 2}
- (2) A person who is a major business partner of the Company's Group^{Note 3}, or an executive for that person
- (3) A consultant, accounting professional, or legal professional who received ¥10 million or more monetary consideration or other property from the Company's Group in the last fiscal year excluding officer remuneration (if a corporation, association, or other organization received such property, this applies to a person who belongs to that organization)
- (4) A person who received donations of ¥10 million or more from the Company's Group in the last fiscal year, or an executive for that person
- (5) A major shareholder (a shareholder who holds 10% or more of all the voting rights directly or indirectly) of the Company, or an executive for that shareholder
- (6) A person who had fallen under any of (1) to (5) above in the past three (3) years
- (7) A relative within the second degree of a person who falls under any of (1) to (5) above (limited to important persons^{Note 4})

Notes: 1. "A person whose major business partner is the Company's Group" means a person who is a business partner group providing products or services to the Company's Group and received payments from the Company's Group that represent 2% or more of the person's annual consolidated net sales for the last fiscal year.

2. "An executive" means an executive as stipulated in Article 2, paragraph (3), item (vi) of the Regulations for Enforcement of the Companies Act, i.e., an executive director, executive officer, or other officer managing the business of a corporation, etc., a member who manages the business, and an employee.

3. "A person who is a major business partner of the Company's Group" means a person who is a business partner group to which the Company's Group provides products or services and made payments to the Company's Group that represent 2% or more of the Company's Group's annual consolidated net sales for the last fiscal year (in the case of a financial institution from which the Company's Group borrows, the financial institution falls under this category if the amount of borrowings is not negligible for the consolidated total assets of the Company's Group).

4. "Important persons" mean directors, executive officers, corporate officers, or executives at the level of division heads or higher in the case of (1), (2), (4), and (5), and certified public accountants belonging to an audit corporation or attorneys (including so-called associates) belonging to a law firm in the case of (3).

[Reference] Approach to Cross-shareholdings

The Company will specifically review the appropriateness of its cross-shareholdings in accordance with its “Policy on Cross-shareholdings,” and will continue to seek to reduce its holdings of shares that have become less significant in terms of economic rationality including cost of capital, management strategies, and maintenance and reinforcement of business relationships.

Specifically, at a meeting of the Board of Directors held in December 2023, the Company passed a resolution approving a policy to reduce the amount of investment securities held to less than 10% of its consolidated net assets by the end of March 2025.

Trend of number of issues held and balance sheet amount

In FY2024, the Company sold a total of 8 issues for ¥2,863 million (¥2,124 million gain on sale), and the value of total holdings at the end of FY2024 was 8.4% of consolidated net assets. The balance sheet amount of cross-shareholdings is the amount only for the Company, and the ratio of total holdings to consolidated net assets would be 9.3% for the amount of shareholdings (¥7,054 million) after deducting the shares of entities accounted for using equity method (¥2,393 million) from the balance sheet amount on a consolidated basis (¥9,447 million).

	140th fiscal year (FY2022)		141st fiscal year (FY2023)		142nd fiscal year (FY2024)	
	Number of issues (Issues)	Balance sheet amount (Millions of yen)	Number of issues (Issues)	Balance sheet amount (Millions of yen)	Number of issues (Issues)	Balance sheet amount (Millions of yen)
Listed stocks	35	7,130	25	9,609	19	6,131
Unlisted stocks	21	260	20	258	20	258
Total holdings	56	7,390	45	9,868	39	6,390
Consolidated net assets		55,210		62,490		76,170
Ratio of total holdings to consolidated net assets		13.4%		15.8%		8.4%

[Policy on Cross-shareholdings]

In order to achieve sustainable growth and enhance corporate value, we hold shares in business partners as we deem necessary as part of our management strategy and maintenance and reinforcement of business relationships.

The Board of Directors will periodically review the purpose and economic rationale of each of the Company’s cross-shareholdings from a medium- to long-term perspective every year, and the Company will seek to reduce the number of shares held if their significance has diminished.

[Criteria for Exercise of Voting Rights]

With respect to the exercise of voting rights on cross-shareholdings, the Company will comprehensively consider whether the content of each proposal contributes to the enhancement of the Company’s corporate value and shareholder value, and exercise voting rights after making an appropriate decision for or against the proposal.

Proposal 5: Revision of Remuneration Amount for Granting Restricted Shares to Directors (Excluding Outside Directors)

For remuneration for Directors of the Company (excluding Outside Directors; the “Eligible Directors”), the Company provides base remuneration and bonuses (which was approved at the 136th Ordinary General Meeting of Shareholders held on June 27, 2019) of no more than ¥300 million per year (however, this does not include employee salaries for Directors who concurrently serve as employees). In addition, at the Board of Directors meeting held on May 12, 2021, the Company resolved to introduce a restricted share-based remuneration plan in place of the previous share-based remuneration related to share acquisition rights as stock options.

At the 138th Ordinary General Meeting of Shareholders held on June 29, 2021, the Company received approval for a proposal to set the total amount of monetary remuneration claims to be provided as restricted share-based remuneration to Eligible Directors at no more than ¥60 million per year, separate from the maximum amount of cash remuneration, etc., and to set the total number of the Company’s common shares to be allotted per year at no more than 86,000 shares.

The Company recently passed a resolution approving the “Revision of the Officer Remuneration Plan for Directors, Etc.” at the Board of Directors meeting held on February 26, 2025, aiming to not only secure and retain talented management personnel but also to maximize corporate value by providing motivation for sustainable growth and by increasing the incentives for promoting long-term improvement in management efficiency, amid the Company’s efforts, in terms of financial results, to achieve its goals of ¥100 billion in consolidated net sales and ¥10 billion in consolidated operating profit as its vision for fiscal 2029, the 100th anniversary of the Company’s founding. The plan was introduced for Eligible Directors in order to provide an incentive to sustainably improve the Company’s medium- to long-term business performance and corporate value as well as to further share the benefits and risks of share price fluctuations with shareholders and increase their motivation to contribute to increases in the share price more than ever. To expand the range of the linkage with performance indicators, the Company proposes to change the annual amount of monetary remuneration claims to be provided to Eligible Directors for the granting of restricted shares and the total number of the Company’s common shares to be issued or disposed of.

Specifically, we propose to revise the maximum amount of restricted share-based remuneration to be no more than ¥90 million per year.

We also propose to revise the total number of the Company’s restricted shares to be delivered to Eligible Directors to be no more than 129,000 shares per year.

Currently, there are nine (9) Directors (of whom three (3) are Outside Directors), and if Proposal 2 “Election of Nine (9) Directors” is approved and adopted as originally proposed, there will continue to be nine (9) Directors (of whom three (3) are Outside Directors). Accordingly, there will be six (6) Eligible Directors.

This proposal was determined by the Board of Directors, based on the recommendation of the Remuneration Advisory Committee, and after comprehensively taking into consideration the policy for determining the details of Directors’ remuneration, etc., the Company’s share price level and other factors, and was judged to be appropriate.

(Reference) Summary of the new Officer Remuneration Plan

The remuneration, etc. for officers of the Company is composed as follows:

1. Base remuneration that determines the amount paid by position as cash remuneration (fixed remuneration)
2. Bonus linked to short-term performance
3. Company share-based remuneration aimed at improving medium- to long-term performance (non-monetary remuneration, etc.)

To ensure that the remuneration levels and composition ratios each function as a sound incentive that helps to further sustainable growth and in order to ensure the appropriateness of the remuneration amounts and the transparency of the process for determining the amounts, the Remuneration Advisory Committee, which is a deliberative body for officer remuneration and involves external experts, uses officer remuneration survey data from external research organizations and other information to conduct an objective comparison/examination of other companies in the same industry or companies of a similar size in terms of net sales or other criteria. The Board of Directors then deliberates and decides the remuneration levels and composition ratios, taking into account the Company's financial position, etc. and the opinions of the committee members. In addition, the composition ratio of each remuneration element in the remuneration for Directors and Executive Officers is largely as shown in the following table. Outside Directors and Corporate Auditors are paid only base remuneration. The composition ratios in the remuneration are the composition ratios based on the standard amounts for the bonus and the Company share-based remuneration (non-monetary remuneration, etc.), and the composition ratios of the remuneration that is actually paid may differ according to the results of the performance and officer evaluations.

Type of remuneration	Type	Description of payment (Calculation formula)	Payment method	Composition of remuneration	
				Directors Executive Officers	Outside Directors Corporate Auditors
1. Base remuneration	Fixed remuneration	Determined for each person based on the standard amount by position	Monthly payment in cash	60%	100%
2. Bonus	Short-term performance-linked remuneration	Determined by standard amount by position \times coefficient (evaluation of consolidated financial results (net sales, operating profit, NOPAT-ROE and DOE) \times evaluation of individual level of contribution)	Annual payment in cash	20%	—
3. Company share-based remuneration (Non-monetary remuneration)	Medium- and long-term performance-linked remuneration	Determined by standard amount by position \times coefficient (evaluation of consolidated financial results (net sales, operating profit, NOPAT-ROE and DOE) \times evaluation of individual level of contribution)	Annual payment in the Company's shares (Restricted shares)	20%	—

Shareholder Proposal (Proposal 6)

Proposal 6 is proposed by one of our shareholders. The details of the proposal and the reasons for the proposal are as stated in the original text provided by the proposing shareholder.

Proposal 6: Appropriation of Surplus

1. Details of the proposal

(1) Type of dividend property

Cash

(2) Allocation of dividend property and total amount thereof

As the dividend amount per common share (the “share dividend”), the amount paid shall be ¥107 less the share dividend based on the proposal for appropriation of surplus submitted by the Board of Directors of the Company and approved at the 142nd Ordinary General Meeting of Shareholders (the “Company Proposal for Appropriation of Retained Earnings”).

If the amount equivalent to 5% of net assets per share for the fiscal year ended March 31, 2025 is not equal to ¥107, ¥107 in the first paragraph shall be read as the amount equivalent to 5% of net assets per share for the fiscal year ended March 31, 2025 (fractions of a yen shall be rounded down).

The total amount of dividend shall be the amount obtained by multiplying the share dividend by the number of shares subject to dividends as of the record date of voting rights at the Company’s 142nd Ordinary General Meeting of Shareholders.

(3) Effective date of distribution of dividends of surplus

The day after the date of the Company’s 142nd Ordinary General Meeting of Shareholders

If the Company Proposal for Appropriation of Retained Earnings is proposed at the 142nd Ordinary General Meeting of Shareholders, then this proposal shall be additionally proposed as being both independent of, and compatible with, the Company Proposal for Appropriation of Retained Earnings.

2. Reasons for the proposal

This proposal requests a full-year share dividend of 5% of net assets per share (a DOE of 5%).

The Company announced its medium-term management plan in May 2024, but as of April 2025, the Price-to-Book Ratio (PBR) was still around 0.5, meaning its market valuation remains depressed. In reality, the low capital efficiency and inadequate shareholder returns are factors pushing down the valuation.

In terms of capital efficiency, ROE for the most recent fiscal year was 7.7%, which is close to the common cost of capital of 8%, but in fact, as a gain on sale of land and a gain on sale of securities temporarily boosted profits, the level is still below 5% on a core business basis.

In addition, in terms of shareholder returns, the current policy of aiming for 3% of shareholders’ equity in FY2026 hardly meets market expectations for both the level and speed, where 3% of net assets is becoming a common return level for DOE. There is an urgent need to improve the evaluation of share value through dividends, avoiding a decline in capital efficiency due to an excessive buildup of net assets. Based on the above, the proposing shareholder proposes the payment of a dividend equivalent to a DOE of 5% based on net assets.

3. Opinion of the Board of Directors

The Board of Directors of the Company is against this proposal.

The Shareholder Proposal proposes setting a dividend per share of the Company’s common share equivalent to 5% of net assets per share. Based on this, the proposed dividend per share will be ¥114¹, resulting in the total dividend amount will be approximately ¥3.2 billion. After thorough consideration by the Company’s Board of Directors, the Company has decided to oppose this proposal for the following reasons.

The Company considers the determination of dividend payments to its shareholders to be one of the most important management issues in order to achieve management that takes into account capital costs and stock prices. The Company’s basic policy is continuing to pay stable dividends in line with business performance while striving to strengthen its corporate structure and maintain sound financial condition.

As outlined in the medium-term management plan announced by the Company in May 2024 (the “2026 Medium-Term Management Plan”), the Company acknowledges that PBR, an important indicator of the stock price,

remains low, as highlighted by the proposing shareholders. The Company believes this low PBR is a result of its current capital profitability and future growth potential not fully meeting the expectations of the stock market.

The Company recognizes that ongoing improvement in the profitability of its core businesses and proactive investment in businesses with growth potential are vital for the sustainable enhancement of corporate value. In the 2026 Medium-Term Management Plan, the Company has set a policy of implementing growth investments (capital expenditures and M & A, etc.) totaling approximately ¥20 billion over the next three years, with the aim of expanding its business foundation and further improving profitability. As a concrete initiative, the Company acquired Shinto Paint Co., Ltd. (“Shinto Paint”), whose primary business area is the domestic paint market in fiscal 2024, and welcomed Shinto Paint into the Group. The Company has already established a committee for business partnership with Shinto Paint and is actively exploring specific measures to enhance mutual corporate value for both companies. Through this partnership, the Company will pursue synergies in the short term by improving the efficiency of raw materials procurement and complementing mutual product lineups. In the medium to long term, the Company will work to strengthen its competitiveness and create new growth opportunities by optimizing production systems, accelerating jointly developed new products, and technological innovations. The Company is actively investing in its lighting equipment business, which is the most profitable business within the Group. Specifically, its subsidiary engaged in this area has constructed a new head office equipped with technology center functions in fiscal year 2024. This initiative aims to strengthen product development capabilities, enhance logistics efficiency, and improve the workplace environment. Additionally, the Company is planning and promoting the reconstruction of factories to fundamentally improve production efficiency and secure future production capacity. Through these strategic investments within the Group, the Company intends to establish a solid foundation for future sustainable growth.

In addition, in the 2026 Medium-Term Management Plan, the Company has outlined its policy to fundamentally improve capital efficiency through the efficient utilization of interest-bearing liabilities and the reduction of cross-shareholdings while ensuring financial stability by enhancing its ability to generate operating cash flow. In fiscal 2024, the Company has already sold cross-shareholdings valued at ¥2.8 billion. From the next fiscal year onward, the Company will continue to review and flexibly implement the sale and reorganization of cross-shareholdings and idle assets to enhance capital efficiency further and strengthen its financial position.

As for shareholder returns, the Company has introduced DOE (Dividend on equity ratio) as a new shareholder return indicator to enhance shareholder value through stable and consistent dividend increases. The Company has set a target of 3.0% by fiscal 2026 and 5.0% by fiscal 2029 for the dividend ratio against consolidated shareholders’ equity as of the end of the previous fiscal year. Over the three years covered by the 2026 Medium-Term Management Plan, the Company plans to distribute approximately ¥5 billion in dividends. The dividend per share for fiscal 2024 is ¥49, as proposed by the Company’s Board of Directors in the first proposal of the General Meeting, and the planned dividend per share for fiscal 2025 will be ¥58. Both amounts were calculated based on the amount by multiplying 3.0% of the consolidated shareholders’ equity as of the end of the previous fiscal year. These dividend levels reflect the Company’s steady implementation of its shareholder return policy, which aims to enhance returns in line with the steady increase in consolidated shareholders’ equity while curbing excessive accumulation of capital.

On the other hand, the dividend equivalent to 5% of the DOE proposed by the shareholders totals approximately ¥3.2 billion annually. Implementing this dividend immediately would make it challenging to secure the funds needed for the growth investments outlined in the ongoing 2026 Medium-Term Management Plan, potentially impacting the execution of these investments. If planned growth investments cannot be executed as intended, it could result in the loss of anticipated medium- to long-term revenue growth opportunities, potentially hindering future increases in corporate and shareholder value. In addition, a rapid increase in the dividend level that significantly surpasses the Company’s initial plans could reduce its financial capacity necessary to address unexpected changes in the business environment, potentially affecting the Company’s financial stability and making it challenging to maintain stable and consistent shareholder returns.

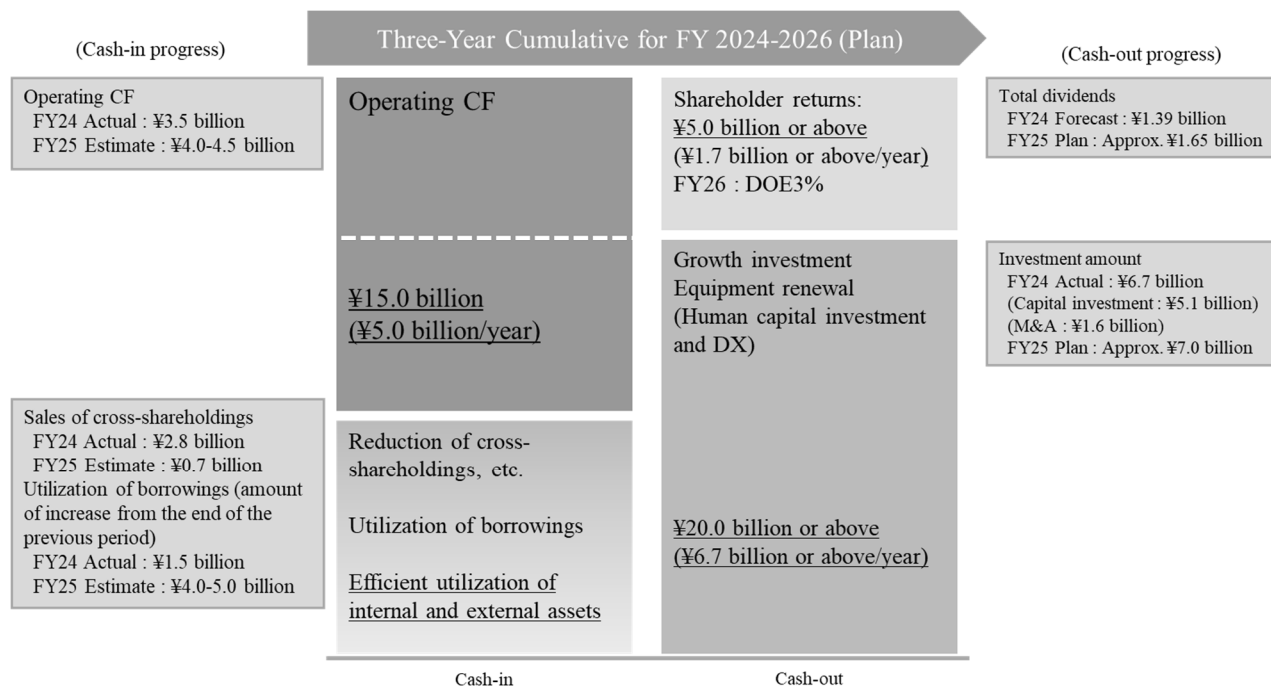
To achieve management goals that take into account capital costs and stock prices, the Company recognizes that it is essential to enhance profitability, which is the source of corporate value creation, and increase market expectations for future profit growth. The key to this is the growth investment outlined in the 2026 Medium-Term Management Plan. The Company believes that enhancing the equity spread by increasing ROE and lowering capital costs will result from these efforts. The Company is committed to maximizing corporate value through the consistent implementation of the 2026 Medium-Term Management Plan, ongoing improvements in capital efficiency, and productive dialogue with its shareholders. The Company’s shareholder return policy aims to pursue an optimal balance between necessary growth investments and stable, consistent returns for shareholders by consistently implementing the DOE target of 3.0% expressly outlined in the 2026 Medium-Term Management

Plan. The Company firmly believes that this approach will benefit our shareholders from a medium- to long-term perspective.

For the reasons stated above, the Company's Board of Directors opposes the Shareholder Proposal.

- ¹ This is the amount obtained by multiplying the net assets per share calculated in accordance with the "Accounting Standard for Earnings Per Share" (ASBJ Statement No. 2) and the "Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No. 4) by 0.05 and rounding down to the nearest whole number.

(Reference) The Company's Cash Allocation Policy and Status of Progress



- * The figures outlined in the cash-in and cash-out progress are derived from the Company's consolidated scope as of May 2024, at the time the 2026 Medium-Term Management Plan was formulated. The investment results for fiscal 2024 include the acquisition costs of Shinto Paint but do not account for the Company's operating cash flows (CF), borrowings, shareholder returns, and investments on a consolidated basis.