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For immediate release

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Notice Regarding Opinion of the Board of Directors on Shareholder's Proposals

Nitta Corporation (the "Company") hereby announces that it has received shareholder proposals (the "Written Shareholder's Proposals") on the agenda items at the 97th Ordinary General Meeting of Shareholders (the "Shareholder's Proposals") scheduled for June 25, 2026 (the "97th Ordinary General Meeting"). In response, the Board of Directors of the Company resolved at a meeting held on May 8, 2026 its opinion on the Shareholder's Proposals. Details are as follows.

1. Proposing shareholder

Name of the shareholder: Dalton Kizuna (Master) Fund LP

2. Description of the Shareholder's Proposals

(1) Agenda items

- (i) Election of One Director
- (ii) Distribution of Surplus
- (iii) Amendment of the Articles of Incorporation Regarding the Proportion of Outside Directors
- (iv) Amendment to the Articles of Incorporation Regarding Disclosure of Action to Implement Management that is Conscious of Cost of Capital and Stock Price
- (v) Amendment to the Articles of Incorporation regarding the record date for the ordinary general meeting of shareholders

(2) Description of the proposals

As described in the Appendix, "Description of Shareholder's Proposals."

Note that the Appendix, "Description of Shareholder's Proposals," is a faithful translation of the original Written Shareholder's Proposals.

3. Opinion of the Company's Board of Directors on the Shareholder's Proposals

Agenda item (i): Election of One Director

(1) Opinion of the Board of Directors of the Company

The Board of Directors of the Company opposes the Shareholder's Proposal.

(2) Reason for opposition

The Company selects candidates for the Board of Directors with the Nomination and Compensation Committee playing a central role, comprehensively considering the candidates' experience and expertise, as well as their independence and suitability in relation to the Company's medium- to long-term management challenges, to ensure impartiality and fairness.

The Company believes that, for Outside Directors to effectively fulfill their roles, independence from management and major shareholders is of critical importance, and therefore places emphasis on such factors in the selection of candidates for Outside Directors. Mr. Toshihito Yamada, the candidate proposed in the Shareholder's Proposal, is affiliated with a group company of the proposing shareholder, and from the perspective of the independence required of an Outside Director, the Board of Directors considers that careful deliberation is necessary with respect to his appointment. In particular, the possibility that an Outside Director may be perceived as being in a position to represent the intentions or interests of a specific shareholder is not desirable from the standpoint of the credibility of the Board's supervisory function and decision-making.

Furthermore, in light of the execution of the Company's future management strategies and its response to medium- to long-term management challenges, the current composition of the Board of Directors proposed by the Company is appropriate and is expected to contribute to sustainable growth and the medium- to long-term enhancement of corporate and shareholder value.

The Company fully recognizes the importance of constructive dialogue with shareholders, including the proposing shareholder, and does not dismiss the views and proposals regarding the enhancement of corporate value and further improvement of corporate governance. At the same time, the Company believes that the selection of director candidates should ultimately be determined by the Board of Directors, which bears responsibility for the Company's sustainable growth and the medium- to long-term enhancement of corporate value, from the perspective of the interests common to all shareholders.

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

Agenda item (ii): Distribution of Surplus

(1) Opinion of the Board of Directors of the Company

The Board of Directors of the Company opposes the Shareholder's Proposal.

(2) Reason for opposition

Recognizing returns of profits to shareholders to be a key management topic, the Company has established the basic policy of paying appropriate dividends that reflect financial results while continuing to strengthen and enhance its corporate foundations. In addition, as part of the initiatives to implement management that is conscious of cost of capital and stock price, the Company modified its shareholder return policy to further clarify its approach of strengthening shareholder returns and disclosed the modified policy on November 2, 2023.

During the period from FY2023 through the end of Phase 2 (FY2023 through FY2027) of the SHIFT2030 Medium- to Long-Term Business Plan, the Company will follow the above basic policy and continue stable, steadily increases in dividends (of at least 10 yen/share per year during the period), targeting a consolidated payout ratio of at least 30% and a dividend-on-equity (DOE) ratio of at least 2.5%.

Based on this shareholder return policy, the Company plans to increase the ordinary dividend for FY2025 by 25 yen per share to 160 yen, compared with a total dividend of 140 yen per share for FY2024, which consisted of an ordinary dividend of 135 yen per share and a commemorative dividend of 5 yen per share for the 140th anniversary of the Company's founding. As a result, the consolidated payout ratio is expected to be 32.6%, and DOE (dividend on equity) of 2.8%, demonstrating the Company's continued commitment to stable and steady dividend increases.

The Shareholder's Proposal proposes the Company distribute 100% of its net income per share for the current term, effectively achieving a dividend payout ratio of 100%. Although increasing dividends from a short-term perspective like this proposal may contribute to short-term shareholders' interest, it could also hinder the enhancement of the Company's corporate value over the medium to long term. Therefore, we believe that such dividend increases will not lead to the maximization of shareholder value over the medium to long term.

The Board of Directors emphasizes the maximization of shareholder value from a medium- to long-term perspective and believes that, to achieve this, it is important for the Company to secure funds in a stable manner to support future business development and growth. In addition, the external environment, including international affairs, resource and energy prices, and foreign exchange trends, involves inherent uncertainty, as exemplified by the recent rise in geopolitical tensions in the Middle East. The Company also recognizes the importance of securing financial resilience and response capacity to respond to such changes, in order to maintain stability in its medium- to long-term management.

From this perspective, while the increase in dividends based on a 100% dividend payout ratio may contribute to short-term shareholders' interest, it entails risks that could undermine medium- to long-term shareholders' interest and may impede the implementation of future growth investments and business strategies.

Therefore, we have judged that it is vital to retain our existing dividend policy that aims for stable and steady increases in dividends, while maintaining a solid financial foundation.

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

Agenda item (iii): Amendment of the Articles of Incorporation Regarding the Proportion of Outside Directors

(1) Opinion of the Board of Directors of the Company

The Board of Directors of the Company opposes the shareholder's proposal.

(2) Reason for opposition

The Company established the Nomination and Compensation Committee, chaired by an independent outside director and consisting of a majority of independent outside directors, as an advisory body for the Board of Directors, to assure impartiality and fairness in selecting directors. The selection of candidates for the Board of Directors is determined by the Board of Directors based on the advice and proposals of the Nomination and Compensation Committee. The same procedure has been applied to the selection of the candidates to be presented to the 97th Ordinary General Meeting.

The Company has defined the requisite skills of the members of the Board so that the Board as a whole provides the required skills, knowledge, and experience, while ensuring diversity among its members. The Nomination and Compensation Committee selects candidates for the Board of Directors to strike a satisfactory balance between internal human resources familiar with the Company's duties and outside human resources who provide highly specialized skills and experience. The Committee pays due consideration to the Japan's Corporate Governance Code, as well as the Company's succession plan and skill certification standards and makes recommendations and offers advice to the Board of Directors on such basis.

The composition of our Board of Directors has wide-ranging support among our shareholders. Each proposal for the election of directors at our June 2025 Ordinary General Meeting of Shareholders had an approval rate of 90% or better.

At the 97th Ordinary General Meeting of Shareholders, the number of directors proposed by the Company will be seven, including three independent outside directors, with one fewer internal director than in the previous year. This meets the Corporate Governance Code requirement for prime market listed companies, requiring at least one-third of directors be comprised of independent outside directors. The three candidates for independent outside directors—a corporate executive, an attorney, and a certified public accountant—are highly specialized and experienced professionals who offer deep insights into corporate governance. One is a woman.

Our Board of Directors has confirmed and determined that the Board of Directors composed of the candidates proposed by the Company will maintain adequate independence; is ideally equipped to execute and supervise Company management and to achieve the goals of SHIFT2030, the Company's medium- and long-term management plan, in accordance with the Company's group philosophy; and will contribute to the Company's sustainable growth and enhancement of corporate value over the medium to long term. This is part of efforts to confirm that our governance structure serves the best interests of our shareholders.

We believe the inclusion of a provision in the Articles of Incorporation as proposed by this shareholder may, to the contrary, limit the scope of selection of director candidates and hinder efforts to identify the optimal composition of the Board of Directors.

For these reasons, the Board of Directors opposes this shareholder's proposal.

Agenda item (iv):

Amendment to the Articles of Incorporation Regarding Disclosure of Action to Implement Management that is Conscious of Cost of Capital and Stock Price

(1) Opinion of the Board of Directors of the Company

The Board of Directors of the Company opposes the Shareholder's Proposal.

(2) Reason for opposition

The Shareholder's Proposal requests that a chapter be newly added to the Articles of Incorporation concerning initiatives related to the Tokyo Stock Exchange's request for "action to implement management that is conscious of cost of capital and stock price." However, under the Companies Act of Japan, the Articles of Incorporation shall stipulate the fundamental rules on the purpose, organization, activities, and other such matters of a company. Meanwhile, to implement management that is conscious of cost of capital and stock price, it is essential for a company to respond to changes in its market environment and business strategies in a prompt and flexible manner. Therefore, we believe that it is not appropriate to add the provision as proposed in the Shareholder's Proposal to the Articles of Incorporation, which are the fundamental rules of the company.

The Company announced its action to be taken to implement management that is conscious of cost of capital and stock price on November 2, 2023. At the same time, we formulated Phase 2 of the SHIFT2030 Medium- to Long-Term Business Plan and announced it on April 1, 2025. The Company will continue to disclose the progress of these efforts going forward.

According to the Tokyo Stock Exchange's request, a PBR below 1x is one indication that the company has not achieved return on capital that exceeds its cost of capital, or that investors are not seeing enough growth potential. In order to address this issue, we have set forth the following initiative policies to improve PBR: (i) growth strategy, (ii) improving capital efficiency, and (iii) strengthening shareholder returns.

In particular, to improve capital efficiency, the Company will reallocate resources by optimizing its business and product portfolio, improve business ROIC, and reduce cross-shareholdings, among other initiatives.

The Company will maximize corporate value by steadily implementing the growth strategy set forth in Phase of the SHIFT2030 Medium- to Long-Term Business Plan and by promoting management that emphasizes capital efficiency and shareholder returns.

In addition, we have recognized the fact that our profit structure is greatly affected by equity in earnings of affiliates is an important perspective for investors and shareholders. Therefore, the Company will support the growth of equity-method affiliates, while disclosing their returns on capital.

As stated above, the Company has been actively undertaking concrete initiatives for "action to implement management that is conscious of cost of capital and stock price." We will also endeavor to disclose information on our initiatives in a timely and appropriate manner so that shareholders and other stakeholders can understand progress made on such initiatives.

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

Agenda item (v):

Amendment to the Articles of Incorporation Regarding the Record Date for the Ordinary General Meeting of Shareholders

(1) Opinion of the Board of Directors of the Company

The Board of Directors of the Company opposes the Shareholder's Proposal.

(2) Reason for opposition

The Company recognizes the importance of ensuring that shareholders have sufficient time to review important information, including the Annual Securities Report, when exercising their voting rights.

Based on this recognition, the Company has been working to enhance its internal systems and improve practices to enable the submission of the Annual Securities Report prior to the date of the General Meeting of Shareholders. Through earlier disclosure of such information, the Company is striving to enhance the provision of information that contributes to shareholders' decision-making.

In addition, information necessary for shareholders to exercise their voting rights—such as operating results, financial position, business conditions, and other important matters—is promptly provided through financial results reports and presentation materials, as well as through non-consolidated financial statements, business reports, and reference documents for the General Meeting of Shareholders. These disclosure documents serve as important sources of information for shareholders in making decisions on proposals at the General Meeting of Shareholders, and the Company will continue its efforts to enhance the quality of their content and provide information in a clear and accessible manner.

The Company acknowledges that, as proposed, if the record date for the exercise of voting rights were changed to mid-May and the date of the General Meeting of Shareholders were correspondingly moved to a later date, it would become easier to secure a period between the submission of the annual securities report and the meeting. However, the Company believes that the information necessary for shareholders to exercise their voting rights is already disclosed in a timely and appropriate manner through financial results reports and supplementary materials, and that, at this time, there is no strong need to revise the record date for the exercise of voting rights and the date of the General Meeting of Shareholders.

In addition, using the fiscal year-end as both the record date for dividends and the record date for the exercise of voting rights is a widely adopted practice among listed companies, as it allows shareholders' rights to receive dividends and to exercise voting rights—both important shareholder rights—to be determined on the same date. In Japan, this approach is broadly recognized as standard practice. If the record date for the exercise of voting rights were to be set on a date different from the dividend record date, it could make the structure of record dates less clear to general shareholders and would increase the administrative burden on listed companies, potentially resulting in higher operational costs and confusion in practice. In light of such market practices, any change to the record date for the exercise of voting rights or the date of the General Meeting of Shareholders at an individual company level should be carefully considered, taking into account shareholders' and investors' acceptance as well as the practical impact.

Furthermore, the Company recognizes that the government is currently considering various measures to

facilitate the earlier disclosure of annual securities reports prior to general meetings of shareholders. Until such measures are sufficiently developed, the Company takes the view that the issues of earlier disclosure and improving the quality of information are best addressed through more flexible and effective means, such as improvements in disclosure processes and the strengthening of internal systems.

For the reasons stated above, the Company has determined that the proposed amendment to the Articles of Incorporation lacks necessity and reasonableness at this time, and therefore opposes this proposal.

(Appendix, “Description of Shareholder’s Proposal”)

* This is a faithful translation of the original Proposing Shareholder’s proposal.

I. Proposed Agenda Items

1. Election of One Director
2. Distribution of Surplus
3. Amendment of the Articles of Incorporation Regarding the Proportion of Outside Directors
4. Amendment to the Articles of Incorporation Regarding Disclosure of Action to Implement Management that is Conscious of Cost of Capital and Stock Price
5. Amendment to the Articles of Incorporation regarding the record date for the ordinary general meeting of shareholders

II. Summary and Reason for Proposal

1. Amendment to the Articles of Incorporation Regarding Disclosure of Action to Implement Management that is Conscious of Cost of Capital and Stock Price

(1) Summary of Proposal

The following individual is proposed for election as a director.

1. Toshihito Yamada

(2) Reason for Proposal

The Company’s PBR has remained below 1x for more than five years since 2019 and, at approximately 0.7x most recently, continues to be significantly below 1x, indicating that the Company’s stock price is still below its liquidation value. Following the Tokyo Stock Exchange’s request for “action to implement management that is conscious of cost of capital and stock price,” the proportion of listed companies with a PBR below 1x has declined from nearly 60% at the time to around 30%; however, the Company has yet to eliminate its sub-1x PBR. Moreover, achieving a PBR of 1x is merely a minimum threshold expected of a listed company, and, in light of the Company’s business value as well as the value of its equity-method affiliates, we believe that its intrinsic value significantly exceeds that level. In addition, despite the accumulation of substantial net financial assets, which has contributed to the Company’s low ROE, concrete measures to improve capital efficiency are still insufficient.

In light of these circumstances, the Company needs to introduce shareholders’ and capital markets perspectives into the Board of Directors to realize management that ensures the Company is appropriately valued by the market and to enhance medium- to long-term corporate value. At present, the Board does not appear to include members with sufficient capital markets experience or practical expertise, and is not fully fulfilling its function in evaluating capital efficiency and strategic options from a shareholder perspective. From this perspective, the outside director candidate proposed by us is expected to bring a capital markets perspective to the Board of Directors. The candidate has not only accounting and financial expertise as a certified public accountant and tax

accountant, but also 14 years of practical experience in the capital markets. In addition, the candidate possesses practical expertise in optimizing capital allocation in light of the Company’s current circumstances, namely excess net financial assets and room for improvement in capital efficiency.

The Board of Directors is an organ entrusted by shareholders with the management of the Company and is fundamentally responsible for representing the interests of all shareholders, including minority shareholders. This proposal seeks to appoint an outside director from the shareholder group. In Europe and the United States, based on this entrustment relationship, it is widely accepted for shareholders to propose director candidates and participate in the Board, and such practices are commonly undertaken as part of engagement aimed at enhancing corporate value.

Accordingly, we submit this proposal based on our responsibilities as shareholders to improve capital efficiency and enhance medium- to long-term corporate value, and believe that it will contribute to the common interests of shareholders.

(3) Name, past experience, and other information of the candidate

1. Toshihito Yamada (Born September 10, 1983)	
■ Past experience, positions, responsibilities and significant concurrent positions	
2005	Joined Shinnihon LLC (currently Ernst & Young Shinnihon LLC)
2010	Joined Japan Business Assurance Co., Ltd
2012	Joined Dalton Advisory KK
2016	President, Toshihito Yamada CPA & Tax Accountant Office (to present)
2018	President & Representative Director, ZeiShiru Co., Ltd. (to present)
2026	Senior Vice President, Dalton Advisory KK (to present)
	<Significant concurrent positions> Senior Vice President, Dalton Advisory KK
■ Number of shares of the Company : 0 shares	
■ Reasons for nomination as a candidate for Outside Director and expected roles As stated in the reasons for the proposal above.	
■ Special interests None.	

Notes:

- (1) Mr. Toshihito Yamada is a candidate for Outside Director.
- (2) If Mr. Toshihito Yamada assumes the position of Outside Director, the Company will enter into an agreement with him to limit his liabilities. Under this agreement, the maximum amount of liability for damages shall be limited to the minimum liability amount prescribed by applicable laws and regulations.

2. Distribution of Surplus

- (1) Summary of Proposal

(i) Type of dividend assets

Cash

(ii) Allocation of dividend assets and the total amount of dividends

The amount obtained by subtracting the dividend proposed by the Company (the “Company’s Proposed Dividend”) from 342 yen per share of the Company’s common stock shall be added to the Company’s Proposed Dividend and distributed as dividends.

The Company’s Proposed Dividend refers to the amount of dividend per share of the Company’s common stock based on the proposal for distribution of surplus, as proposed by the Board of Directors and approved at this Ordinary General Meeting of Shareholders. Furthermore, if the amount obtained by multiplying the net income per share for the 97th fiscal year by 100% (rounded down to the nearest whole number; hereinafter referred to as the “Actual EPS 100% Amount”) and subtracting the interim dividend of 72 yen differs from 342 yen, the aforementioned 414 yen shall be replaced with the amount obtained by subtracting the interim dividend of 72 yen from the Actual EPS 100% Amount.

The total dividend amount shall be the amount calculated by multiplying the aforementioned dividend amount per share of common stock by the number of shares eligible for dividend as of March 31, 2026.

(iii) Effective date of distribution of surplus

The business day following the date of this Ordinary General Meeting of Shareholders

Note that this proposal is being submitted as an additional proposal that is independent of, and compatible with, any proposal for distribution of surplus submitted by the Company at this Ordinary General Meeting of Shareholders.

(2) Reason for Proposal

This proposal to distribute 342 yen per share of common stock as an annual dividend is based on the idea that the Company should distribute 100% of its net income, effectively achieving a dividend payout ratio of 100%. The Company’s PBR remains in the 0.7x range, well below 1x, and its stock price continues to be valued below its liquidation value. Such a market valuation cannot be overlooked by shareholders.

As of December 31, 2025, the Company held 30.1 billion yen in cash and deposits and 33.8 billion yen in securities and investment securities (excluding approximately 42.4 billion yen in investments in equity-method affiliates). Given that the Company operates without debt, it possessed net financial assets totaling approximately 64.0 billion yen. This represents roughly 50% of the Company’s market capitalization as of March 31, 2026, indicating an extremely inefficient balance sheet in which approximately half of the market value is accounted for by cash and cash equivalents. The accumulation of cash and cash equivalents in excess of operational needs leads to both a decline in capital efficiency and an impairment of corporate value.

In addition, recent discussions surrounding revisions to the Corporate Governance Code have emphasized the need for ongoing assessment of whether cash and deposits are being effectively utilized. In this context, the Company’s continued holding of substantial cash balances represents a significant management issue that must

be addressed from a capital discipline perspective. The Company’s current dividend policy targets a consolidated payout ratio of at least 30% or higher and a dividend-on-equity (DOE) ratio of at least 2.5%, achieving continued stable, steady increases in dividends (of at least 10 yen/per share per year during the period). However, under this policy, the Company’s equity capital will continue to accumulate, and as a result, lead to the buildup of cash and cash equivalents and a decline in capital efficiency.

On the other hand, in light of the Company’s financial position and expected future operating cash flows, even if a 100% payout ratio were adopted and maintained, it would be fully feasible to balance shareholder returns with growth and strategic investments. Moreover, some of the Company’s peers have adopted a 100% payout ratio for a certain period, demonstrating that such a policy represents a practical and reasonable capital policy for companies with a solid financial base. This proposal is not intended as a short-term measure to support the stock price, but rather aims to improve capital efficiency through improved ROE and thereby contribute to maximizing shareholder value over the medium to long term.

For these reasons, the Company should adopt a policy of returning all of its net income to shareholders to promote management that is conscious of stock price, improve the Company’s PBR, which remains below the minimum threshold of 1x expected of a listed company, and enhance capital efficiency by reducing excess cash and cash equivalents to an appropriate level.

3. Amendment of the Articles of Incorporation Regarding the Proportion of Outside Directors

(1) Description of the proposal

The proposal is to amend Article 18 of the Company’s Articles of Incorporation as follows to require that the majority of the Company’s directors be outside directors. If formal adjustments (including, but not limited to, correction of discrepancies in article numbers) to the provisions stated in this proposal become necessary as a result of the approval of other proposals at the Ordinary General Meeting of Shareholders, including proposals submitted by the Company, the provisions pertaining to this proposal shall be deemed to be replaced by the provisions after such necessary adjustments have been made.

(The proposed change is underlined.)

Before change	After the proposed change
(Number of directors) Article 18. The Company shall have no more than nine directors. <u>2 (Newly Established)</u>	(Number of directors) Article 18. The Company shall have no more than nine directors. <u>2 As long as the Company remains a listed company, a majority of the directors of the Company shall be outside directors as defined in Article 2, paragraph 1, item 15 of the Companies Act.</u>

(2) Reasons for the proposal

We believe that board diversity and independence are essential to the management of today’s listed companies.

A board with diversity is able to make management decisions from a broader range of perspectives, resulting from differences in skills, experience, age, nationality, and gender.

Principle 4.8 of Japan's Corporate Governance Code states the following: "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 (two directors if listed on other markets) 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 (at least one-third of directors if listed on other markets) 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 outside directors is "Appropriately representing the views of minority shareholders and other stakeholders in the boardroom from a standpoint independent of the management and controlling shareholders."

The Company currently has only three outside directors out of seven directors. While this formally satisfies the applicable requirements, there remains room for improvement from the perspectives of the independence of the Board of Directors and the effectiveness of its oversight function. By having a majority of outside directors on the Board, discussions based on perspectives independent of management would be promoted, enabling the establishment of a governance framework that supports management with a focus on shareholder value, including improving capital efficiency and strengthening shareholder returns.

In addition to their number, the qualifications of the outside directors must be such that they can contribute to the Company's sustainable growth and corporate value over the medium to long term. However, the current Board does not sufficiently reflect a capital markets perspective, which we consider to be inadequate. In this regard, the Company should consider appointing women and highly experienced and skilled analysts.

We believe that the appointment of "highly experienced and skilled analysts" is an effective way to bring the perspective of outside investors and shareholders to the board of directors, while at the same time contributing to the enhancement of corporate value through sound risk-taking. The board of directors of listed companies and investors/shareholders share a common objective of enhancing corporate value over the long term in principle; however, in Japan, they are often perceived as being in conflict with each other.

Involving directors with the experience and skills mentioned above in board discussions and decision-making would make the relationship between the board and the stock market more constructive through sound risk-taking, capital allocation and better communication with the market. Often it is explained that bankers and accountants are responsible for the finance portion of the skills matrix, but we believe that, from the perspective of promoting "sound risk-taking", expertise in accounting and debt markets alone is not sufficient, and that is where the significance of equity market professionals lies.

4. Amendment to the Articles of Incorporation Regarding Disclosure of Action to Implement Management that is Conscious of Cost of Capital and Stock Price

(1) Summary of Proposal

Add the following provision to the Company’s Articles of Incorporation.

If formal adjustments (including, but not limited to, correction of discrepancies in article numbers) to the provisions stated in this proposal become necessary as a result of the approval of other proposals at the Ordinary General Meeting of Shareholders, including proposals submitted by the Company, the provisions pertaining to this proposal shall be deemed to be replaced by the provisions after such necessary adjustments have been made.

(The underlined parts indicate the amendments.)

Before amendment	After amendment
<u>(Newly established)</u>	<u>Chapter 7 Disclosure</u> <u>(Disclosure Regarding Management Conscious of Cost of Capital and Stock Price)</u> <u>Article 43: As long as the Company remains a listed company, it shall verify the appropriateness of its initiatives and disclosures based on the “Key Points and Examples Considering The Investor’s Point of View in Regard to Management Conscious of Cost of Capital and Stock Price” (hereinafter referred to as the “Key Points and Examples”) published by the Tokyo Stock Exchange on February 1, 2024, and disclose the details of such initiatives in accordance with the items set forth in the Key Points and Examples in its Corporate Governance Report and on the Company’s website.</u>

(2) Reason for Proposal

Our firm agrees with the purpose of the “Action to Implement Management that is Conscious of Cost of Capital and Stock Price” (hereinafter referred to as the “TSE Request”) that the Tokyo Stock Exchange requested of all listed companies on the Prime and Standard Markets as of March 31, 2023. In addition, in order to ensure that responses to the TSE Request are not merely formalities but are highly effective, we believe it is important to continuously verify initiatives based on the “Key Points and Examples Considering the Investor’s Point of View in Regard to Management Conscious of Cost of Capital and Stock Price” (hereinafter referred to as the “Key Points and Examples”) published by the Tokyo Stock Exchange on February 1, 2024.

The Company has already disclosed its initiatives in response to the TSE Request, and we particularly commend the disclosure of its efforts to improve capital efficiency, such as quantitative targets for business ROIC and

investment decisions conscious of the capital cost of 7% in Phase 2 of the SHIFT2030 Medium- to Long-Term Business Plan. However, the Company's PBR has remained around the 0.6x level, significantly below 1x, indicating that the stock market evaluates the Company's stock price below its liquidation value. According to the TSE Request, a PBR below 1x is one indication that the company has not achieved return on capital that exceeds its cost of capital, or that investors are not seeing enough growth potential. In order to appropriately respond to the TSE Request, the Company is required to take further initiatives and put them into practice.

The Company's important pillar of earnings comes not only from operating income, but also from equity in earnings of affiliates. Therefore, investors evaluate the Company by taking these affiliates into account. However, the Company's quantitative targets do not include disclosure of ROE, a key indicator of company-wide capital efficiency, and therefore cannot be regarded as sufficient from an investor perspective. Furthermore, the Company limits its disclosure on equity-method affiliates to trends in equity in earnings and does not disclose the performance or capital profitability of each affiliate. Such a lack of information necessary for investment decisions raises concerns about the transparency of management, may become a source of concern for investors, and could lead to an increase in the cost of equity. This level of disclosure is also insufficient from the perspective of having an awareness of reducing the cost of capital, as stated in the Key Points and Examples. In addition, while the Company discloses items related to cash allocation, it does not provide specific figures for shareholder returns, growth investment funds, or working capital. This represents an insufficient disclosure from the perspective of whether the balance sheet is in an efficient state, a viewpoint mentioned in the Key Points and Examples. We believe that by disclosing these specific details, the Company can better meet the expectations of shareholders and investors who take a medium- to long-term view, in line with the purpose of the TSE Request.

5 Amendment to the Articles of Incorporation regarding the record date for the ordinary general meeting of shareholders

(1) Summary of Proposal

The proposal is to amend Article 11 of the Company's Articles of Incorporation as follows. If formal adjustments (including, but not limited to, correction of discrepancies in article numbers) to the provisions set forth in this proposal become necessary as a result of the approval of other proposals at the Ordinary General Meeting of Shareholders, including proposals submitted by the Company, the provisions pertaining to this proposal shall be deemed to be replaced by the provisions after such necessary adjustments have been made.

(The underlined parts indicate the amendments.)

Before amendment	After amendment
<p>(Record Date for the Ordinary General Meeting of Shareholders)</p> <p>Article 11. The record date for the exercise of voting rights at the Ordinary General Meeting of Shareholders of the Company shall be <u>March 31</u> of each year.</p> <p><u>2 (New)</u></p>	<p>(Record Date for the Ordinary General Meeting of Shareholders)</p> <p>Article 11. The record date for the exercise of voting rights at the Ordinary General Meeting of Shareholders of the Company shall be <u>May 15</u> of each year.</p> <p><u>2 Notwithstanding the provisions of the preceding paragraph, if necessary, the Company may, by a resolution of the Board of Directors and upon prior public notice, set a record date.</u></p>

(2) Reasons for the proposal

At present, the record date for the exercise of voting rights at the Ordinary General Meeting of Shareholders is set as March 31, and the meeting is held in late June in accordance with the Companies Act. On the other hand, the annual securities report, which contains information essential for shareholders in exercising their voting rights, is in practice disclosed only after the meeting or immediately prior to the meeting, such as on the day before. As a result, investors are effectively unable to sufficiently analyze the information and incorporate it into their voting decisions, and currently lack an adequate period for substantive consideration.

The annual securities report is a statutory disclosure document that comprehensively includes information indispensable for the evaluation of key agenda items at the General Meeting of Shareholders, such as business risks, management strategies, governance structure, remuneration amounts and policies for their determination, and capital policy. We believe that the disclosure of such information with sufficient time in advance, rather than immediately prior to the meeting, is a prerequisite for responsible exercise of voting rights.

By changing the record date for the exercise of voting rights to mid-May, the Company would be able to design a schedule that allows for the disclosure of the annual securities report and related information well in advance of the meeting. This would enable investors, proxy advisors, and analysts to review the information and appropriately incorporate their analyses into their voting decisions on each proposal. This proposal does not seek a merely formal advancement of timing, but rather aims to establish an institutional framework for enhancing substantive information disclosure.

In addition, this change is also expected to help spread out shareholder meetings that are currently concentrated in late June. The concentration of meeting dates effectively makes it difficult for many shareholders to attend meetings of multiple companies. By promoting a more dispersed meeting schedule, shareholders will have greater opportunities to attend more meetings and engage in direct dialogue with management. This would encourage more active shareholder engagement and contribute to the realization of greater shareholder

democracy, which we seek to promote.

Furthermore, this proposal does not involve any change to the fiscal year-end and does not affect business operations or accounting processes. Through the rationalization of the disclosure schedule, it is expected to enhance the quality of information disclosure and the effectiveness of dialogue with the market, thereby contributing to the improvement of corporate value and the reliability of the capital markets.

For the reasons stated above, we submit this amendment to the Articles of Incorporation.