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(Securities Code: 5186)
June 8, 2026

To Shareholders with Voting Rights:

Seichi Kitamura
President and Representative Director
Nitta Corporation
4-26 Sakuragawa 4-chome, Naniwa-ku,
Osaka, Japan

NOTICE OF THE 97TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders,

We hereby notify of the 97th Ordinary General Meeting of Shareholders of Nitta Corporation (the “Company”) to be held as described below.

The Company, when convening this general meeting of shareholders, provides information contained in the reference documents for this general meeting of shareholders, etc. electronically. The matters to be provided electronically are posted on the Company’s website.

The Company’s website: https://www.nittagroup.com/en/investment/library/to_shareholders/

The matters to be provided electronically are also posted on the websites below.

TSE website (TSE Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

(Access the TSE website above, enter the Company’s name (Nitta Corporation) or securities code (5186), and select “Basic information” and then “Documents for public inspection/PR information” for reference.)

Website for the reference documents for the general meeting of shareholders

<https://d.sokai.jp/5186/teiji/>

Instead of attending the meeting in person, you may also exercise your voting rights in writing or via the Internet, etc. (available Japanese language version only). Please refer to the Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:30 p.m. on Wednesday, June 24, 2026 JST in accordance with the guidance on page 3.

- 1 Date and Time:** Thursday, June 25, 2026 at 10:00 a.m.
- 2 Venue:** Conference room, 11th floor of the Company’s head office, 4-26 Sakuragawa 4-chome, Naniwa-ku, Osaka, Japan
- 3 Meeting Agenda:**
- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company’s 97th Fiscal Year (from April 1, 2025 to March 31, 2026) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 97th Fiscal Year (from April 1, 2025 to March 31, 2026)

Proposals to be resolved:

<Company's Proposals>

Proposal No. 1: Distribution of Surplus

Proposal No. 2: Election of Seven Directors

Proposal No. 3: Election of One Substitute Audit & Supervisory Board Member

Proposal No. 4: Determination of Post-Delivery Performance-Linked Share-Based Remuneration for Directors (excluding Outside Directors)

<Shareholder's Proposals>

Proposal No. 5 Election of One Director

Proposal No. 6: Distribution of Surplus

Proposal No. 7: Amendment of the Articles of Incorporation Regarding the Proportion of Outside Directors

Proposal No. 8: Amendment to the Articles of Incorporation Regarding Disclosure of Action to Implement Management that is Conscious of Cost of Capital and Stock Price

Proposal No. 9: Amendment to the Articles of Incorporation regarding the record date for the ordinary general meeting of shareholders

Other Matters Regarding This Notice of Convocation

Pursuant to the relevant laws and regulations and the provision of the Articles of Incorporation, among the matters to be provided electronically, the following matters are posted on the websites above, and are not included in the paper copy to be sent to shareholders who have requested it. The Audit & Supervisory Board Members and the Accounting Auditor have audited the documents subject to audit, including the following matters. (1) "Company's System and Policies" of the Business Report, (2) "Consolidated Statements of Changes in Net Assets" and "Notes to the Consolidated Financial Statements," and (3) "Non-consolidated Statements of Changes in Net Assets" and "Notes to the Non-consolidated Financial Statements"

Note:

If any revisions are made to the matters provided electronically, the revised versions will be posted on the websites above.

Procedures for Exercise of Voting Rights

- Attending the meeting

When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception.

Please be advised that persons other than shareholders of the Company such as proxies and persons accompanying shareholders are not permitted to attend the meeting.

- Not attending the meeting

- Exercise of voting rights via the Internet, etc.

Please see “Procedures for Exercise of Voting Rights via the Internet, etc.” described below (Japanese language version only), and exercise your voting rights by 5:30 p.m. on Wednesday, June 24, 2026 JST. Please see “Smart Exercise” for the exercise by smartphone.

- Exercise of voting rights in writing

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it by mail. The completed form must reach us by 5:30 p.m. on Wednesday, June 24, 2026 JST. If neither approval nor disapproval is indicated for each proposal on the Voting Rights Exercise Form, the voting shall be deemed and treated as indicating approval for the Company’s proposals and as indicating disapproval for the shareholder’s proposals.

* If you have exercised your voting rights both via the Internet, etc. and in writing, only the vote via the Internet, etc. shall be deemed effective. If you have exercised your voting rights more than once via the Internet, etc., only the last vote shall be deemed effective.

Reference Documents for the General Meeting of Shareholders

<Company's Proposals (Proposals 1 to 4)>

Proposal No. 1: Distribution of Surplus

Distribution of surplus shall be conducted as follows.

Matters concerning the year-end dividend:

The Company considers shareholder return an important management issue, and follows the basic policy of providing appropriate shareholder return in line with business results, at the same time strengthening and enriching corporate quality.

In addition, during the period from FY2023 through the end of Phase 2 (FY2023–FY2027) of the SHIFT2030 medium- to long-term business plan, the Company will follow the basic policy and meet shareholder expectations through continued stable, steady increases in dividends (of at least 10 yen/share per year) targeting a consolidated payout ratio of at least 30% and a dividends-on-equity (DOE) ratio of at least 2.5%.

In accordance with the policies, the Company proposes the payment of the year-end dividends for its 97th fiscal year as follows.

- 1 Type of dividend assets
Cash
- 2 Allocation of dividend assets and the total amount of dividends
88 yen per share of common stock of the Company
Total amount of dividends: 2,413,539,304 yen

(Note) The Company's annual dividends for the current fiscal year are 160 yen per share of common stock of the Company, including interim dividends.

- 3 Effective date of distribution of surplus
June 26, 2026

Proposal No. 2: Election of Seven Directors

The terms of all eight current Directors will expire at the close of this General Meeting of Shareholders. Accordingly, the Company proposes the election of seven Directors.

The Nomination and Remuneration Committee has given advice on this Proposal.

The candidates are as follows:

No.		Name	Positions and responsibilities at the Company, and significant concurrent positions
1	Reappointed	Seiichi Kitamura	President, Representative Director and Executive Officer Member of Nomination and Remuneration Committee
2	Reappointed	Toyohiro Hagiwara	Director and Senior Managing Executive Officer In charge of overall sales operations and affiliated companies Vice President and Representative Director, Gates Unitta Asia Company
3	Reappointed	Atsushi Izumi	Director and Managing Executive Officer General Manager, Nitta Moore Div.
4	Reappointed	Koichi Kakegami	Director and Managing Executive Officer General Manager of Corporate Center In charge of management strategy and purchasing
5	Reappointed (Outside) (Independent)	Takehisa Ikeda	Director Member of Nomination and Remuneration Committee
6	Reappointed (Outside) (Independent)	Tomoyuki Ono	Director Member of Nomination and Remuneration Committee President, Ono CPA Office Outside Director (Audit and Supervisory Committee Member), ROHM Co., Ltd.
7	Newly appointed (Outside) (Independent)	Ai Kuroda	Representative, Ai Kuroda Law Office External Audit & Supervisory Board Member, Kamigumi Co., Ltd. Director, Mediation Center Osaka Public Member, Osaka Labor Relations Commission

Newly appointed: Candidate for newly appointed Director

Reappointed: Candidate for reappointed Director

Outside: Candidate for Outside Director

Independent: Candidate for an independent officer to be reported to the Tokyo Stock Exchange

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company
2	 Toyohiro Hagiwara (January 16, 1961) Reappointed	April 1983 Joined the Company July 2014 Department Manager, Global Marketing & Sales Dept., Industrial Products Div. of the Company June 2018 Executive Officer, Deputy General Manager, Industrial Products Div. of the Company December 2019 Executive Officer, General Manager, Industrial Products Div. of the Company June 2020 Director and Executive Officer, General Manager, Industrial Products Div. of the Company April 2021 Director and Executive Officer, in charge of affiliated companies of the Company June 2021 Vice President and Representative Director, Gates Unitta Asia Company (to present) April 2024 Director and Managing Executive Officer, in charge of affiliated companies of the Company April 2026 Director and Senior Managing Executive Officer, in charge of overall sales operations and affiliated companies of the Company (to present)	12,216
(Reasons for nomination as a candidate for Director) Mr. Toyohiro Hagiwara has been involved in customer development both in Japan and overseas and the management of an overseas subsidiary, contributing to the global expansion of the Group and accumulating insight and experience of international business. He has been serving as the officer in charge of affiliated companies since April 2021, contributing greatly to the Company's performance. The Board of Directors believes that utilizing his insight and experience for deliberations on important management matters at the Board of Directors and the oversight of business execution can contribute to the enhancement of the Group's corporate value. Therefore, the Company reappointed him as a candidate for Director.			


(Note) No special interests exist between Mr. Toyohiro Hagiwara and the Company.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company
3	 Atsushi Izumi (February 17, 1963) Reappointed	April 1985 Joined the Company April 2011 Department Manager, Products Development Dept., Nitta Moore Div. of the Company April 2019 Senior Department Manager, Products Development Dept., Nitta Moore Div. of the Company April 2021 Executive Officer, General Manager, Nitta Moore Div. of the Company June 2023 Director and Executive Officer, General Manager, Nitta Moore Div. of the Company April 2026 Director and Managing Executive Officer, General Manager, Nitta Moore Div. of the Company (to present)	8,517
(Reasons for nomination as a candidate for Director) Mr. Atsushi Izumi has been engaged in developing products and manufacturing technologies in the hose and tube products division for many years, and possesses high-level insight and experience of the products. He also has experience of engaging in the management of an overseas subsidiary as its top executive. He has been serving as Director and General Manager of hose and tube products division since June 2023 and has led the business expansion and productivity improvement of the division. The Board of Directors believes that utilizing his insight and experience for deliberations on important management matters at the Board of Directors and the oversight of business execution can contribute to the enhancement of the Group's corporate value. Therefore, the Company reappointed him as a candidate for Director.			


(Note) No special interests exist between Mr. Atsushi Izumi and the Company.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company
4	 Koichi Kakegami (February 2, 1964) Reappointed	April 1987 Joined The Mitsui Bank Limited (currently Sumitomo Mitsui Banking Corporation) April 2007 Joined the Company April 2013 Department Manager, Management Administration Dept. of the Company June 2023 Director and Executive Officer, General Manager of Corporate Center, in charge of management strategy, management administration, general affairs and CSR promotion, purchasing, and DX Promotion of the Company April 2024 Director and Executive Officer, General Manager of Corporate Center, in charge of management strategy, management administration, general affairs and CSR promotion, purchasing, and global promotion of the Company April 2025 Director and Executive Officer, General Manager of Corporate Center, in charge of management strategy, management administration, and purchasing of the Company April 2026 Director and Managing Executive Officer, General Manager of Corporate Center, in charge of management strategy and purchasing of the Company (to present)	5,415
(Reasons for nomination as a candidate for Director) Mr. Koichi Kakegami has been involved in sales at a major financial institution for many years and has supported corporate management of client corporations. Since joining the Company, he has accumulated diverse experience in such areas as risk management, corporate management, finance, as well as serving as an officer of subsidiaries, and possesses broad insight relating to corporate management. He has been serving as Director and General Manager of Corporate Center since June 2023, and has led the improvement of the Company's corporate value. The Board of Directors believes that utilizing his insight and experience for deliberations on important management matters at the Board of Directors and the oversight of business execution can contribute to the enhancement of the Group's corporate value. Therefore, the Company reappointed him as a candidate for Director.			

(Note) No special interests exist between Mr. Koichi Kakegami and the Company.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company
5	 Takehisa Ikeda (November 12, 1958) Reappointed (Outside) (Independent) Term of office as an Outside Director: 5 years Attendance of the Board of Directors meetings, etc. for fiscal 2025: Board of Directors meetings – 16/16 times Nomination and Remuneration Committee – 7/7 times S.C.R. Committees* meetings – 4/4 times * Means Sustainability Committee, Compliance Committee and Risk Management Committee	April 1983 Joined The Mitsui Bank Limited (currently Sumitomo Mitsui Banking Corporation) April 2011 Executive Officer and General Manager, Tokyo Corporate Banking Dept. VI, Sumitomo Mitsui Banking Corporation April 2013 Managing Executive Officer and Head, Nagoya Middle Market Banking Division, Nagoya Corporate Banking Division (Nagoya Corporate Banking Dept.), Sumitomo Mitsui Banking Corporation April 2015 Managing Executive Officer and Deputy Head of Wholesale Banking Unit (in charge of East Japan), Sumitomo Mitsui Banking Corporation May 2016 Senior Managing Executive Officer, Sumitomo Mitsui Finance and Leasing Company, Limited June 2016 Director and Senior Managing Executive Officer, Sumitomo Mitsui Finance and Leasing Company, Limited April 2017 Managing Executive Officer, Sumitomo Mitsui Financial Group, Inc. (until May 2020) Director and Senior Managing Executive Officer, Sumitomo Mitsui Finance and Leasing Company, Limited June 2020 Representative Director and Senior Managing Executive Officer, Sumitomo Mitsui Finance and Leasing Company, Limited (until June 2022) June 2021 Outside Director, Member of Nomination and Remuneration Committee of the Company (to present)	None
(Reasons for nomination as a candidate for Outside Director and expected roles) Mr. Takehisa Ikeda is a candidate for Outside Director as stipulated in Article 2, Paragraph 3, Item 7 of the Regulation for Enforcement of the Companies Act. He has been involved in sales at a major financial institution for many years and has helped with the formulation and implementation of corporate business strategies from the perspective of corporate finance. He also has experience in business execution as an executive officer at the same financial institution, and possesses experience as a director of a major leasing company. He possesses such a wealth of business experience and professional insight in corporate finance. Since June 2021, he has been actively providing his opinions and questions at meetings of the Board of Directors and other committees as Outside Director of the Company, contributing to the improvement of the effectiveness of the Board of Directors and so on. Therefore, the Company reappointed him as a candidate for Outside Director. He had been a representative director and senior managing executive officer of Sumitomo Mitsui Finance and Leasing Company, Limited until June 2022, which has business relationships with the Company. However, since the annual transaction amount between two companies is less than 1% of the net sales of either company, it has no significance affecting the independence as an Outside Director of the Company. The Company has designated Mr. Takehisa Ikeda as an independent officer under the rules of the Tokyo Stock Exchange and filed the designations with the Tokyo Stock Exchange. If the reelection of Mr. Takehisa Ikeda is approved, the Company will continue to designate him as an independent officer.			

- (Notes) 1. No special interests exist between Mr. Takehisa Ikeda and the Company.
2. The Company has entered into an agreement with Mr. Takehisa Ikeda to limit his liabilities, in accordance with the provisions stipulated in Article 427, Paragraph 1 of the Companies Act. The maximum limit amount for damage liabilities stated in the agreement is the amount stipulated by laws and regulations. The Company shall continue the agreement with him should he be reelected.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company
6	 <p>Tomoyuki Ono (February 17, 1960) Reappointed (Outside) (Independent)</p> <p>Term of office as an Outside Director: 3 years</p> <p>Attendance of the Board of Directors meetings, etc. for fiscal 2025:</p> <p>Board of Directors meetings – 16/16 times</p> <p>Nomination and Remuneration Committee – 7/7 times</p> <p>S.C.R. Committees* meetings – 4/4 times</p> <p>* Means Sustainability Committee, Compliance Committee and Risk Management Committee</p>	<p>April 1982 Joined Sumitomo Chemical Industry Company Limited (currently SUMITOMO CHEMICAL COMPANY, LIMITED)</p> <p>October 1989 Joined Eiwa Audit Corporation (currently KPMG AZSA LLC)</p> <p>March 1993 Registered as Certified Public Accountant</p> <p>August 1998 Joined Asahi & Co. (currently KPMG AZSA LLC)</p> <p>June 2007 Partner, KPMG AZSA LLC (until June 2022)</p> <p>May 2021 Chairperson of Partners Meeting, KPMG AZSA LLC (until May 2022)</p> <p>July 2022 President, Ono CPA Office (to present)</p> <p>June 2023 Outside Director, Member of Nomination and Remuneration Committee of the Company (to present)</p> <p>June 2023 Outside Director (Audit and Supervisory Committee Member), ROHM Co., Ltd. (to present)</p>	None
<p>(Reasons for nomination as a candidate for Outside Director and expected roles)</p> <p>Mr. Tomoyuki Ono is a candidate for Outside Director as stipulated in Article 2, Paragraph 3, Item 7 of the Regulation for Enforcement of the Companies Act. Mr. Tomoyuki Ono has business experience at major corporations, and has been engaged in audit for major corporations in Japan as a certified public accountant for many years and thus has abundant professional knowledge and experience. Since June 2023, he has been actively providing his opinions and questions at meetings of the Board of Directors and other committees as Outside Director of the Company, contributing to the improvement of the effectiveness of the Board of Directors and so on. Although he has not been involved in corporate management other than by holding office as an outside director, the Board of Directors believes that, due to the above reasons, he would be able to continue to properly oversee the Group's management and contribute to the enhancement of corporate value as Outside Director. Therefore, the Company reappointed him as a candidate for Outside Director.</p> <p>Furthermore, the Company has designated Mr. Tomoyuki Ono as an independent officer under the rules of the Tokyo Stock Exchange and filed the designations with the Tokyo Stock Exchange. If the reelection of Mr. Tomoyuki Ono is approved, the Company will continue to designate him as an independent officer.</p>			

- (Notes) 1. No special interests exist between Mr. Tomoyuki Ono and the Company.
2. The Company has entered into an agreement with Mr. Tomoyuki Ono to limit his liabilities, in accordance with the provisions stipulated in Article 427, Paragraph 1 of the Companies Act. The maximum limit amount for damage liabilities stated in the agreement is the amount stipulated by laws and regulations. The Company shall continue the agreement with him should he be reelected.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company
7	 Ai Kuroda (October 14, 1966) Newly appointed (Outside) (Independent)	April 1995 Registered as an attorney at law; Joined Kuboi & Partners Law Office October 2006 Joined Ohashi & Horn LLP (New York Office) January 2007 Registered as licensed attorney in the State of New York February 2009 Rejoined Kuboi & Partners Law Office (until June 2021) June 2017 External Audit & Supervisory Board Member, Kamigumi Co., Ltd. (to present) July 2021 Representative, Ai Kuroda Law Office (to present) June 2024 Director, Mediation Center Osaka (to present) March 2026 Public Member, Osaka Labor Relations Commission (to present)	None
(Reasons for nomination as a candidate for Outside Director and expected roles) Ms. Ai Kuroda is a candidate for Outside Director as stipulated in Article 2, Paragraph 3, Item 7 of the Regulation for Enforcement of the Companies Act. In addition to her extensive experience as an attorney, she possesses professional expertise in corporate legal affairs and international commercial transactions, as well as experience serving as an external audit & supervisory board member of another listed company. Accordingly, we have determined that she is capable of properly overseeing the Company's management and contributing to the enhancement of corporate value. Therefore, the Company has appointed her as a candidate for Outside Director. Although she has no experience of being involved in corporate management other than serving as an external audit & supervisory board member, we have determined, for the reasons stated above, that she will be able to appropriately perform her duties as an Outside Director. Furthermore, we believe she fulfills the requirements for independent officer stipulated by the Tokyo Stock Exchange. Accordingly, the Company intends to designate her as an independent officer and file the designation with the Tokyo Stock Exchange, if she is elected.			

- (Notes) 1. No special interests exist between Ms. Ai Kuroda and the Company.
2. If Ms. Ai Kuroda is elected, the Company intends to enter into an agreement with her to limit her liabilities, in accordance with the provisions stipulated in Article 427, Paragraph 1 of the Companies Act. The maximum limit amount for damage liabilities stated in the agreement is the amount stipulated by laws and regulations.

(Outline of the directors and officers liability insurance policy that insures the candidates for Director)

The Company purchases a directors and officers liability insurance policy from an insurance company, which covers damages to be borne by the insured that may arise when the insured becomes liable in connection with the execution of his/her duties or receives claims related to the pursuit of such liability. All candidates for Director will be covered by the insurance policy if their election is approved. Furthermore, the Company plans to renew the policy with the same content when it is due for renewal.

(Reference)

Expertise and experience of the candidates for Director and Executive Officers of the Company (Skill Matrix)

The primary expertise and experience of the candidates for Director are as follows.

No.	Name	Expertise and experience					
		Corporate management / Organizational management	International	Sales and marketing	Manufacturing technology / R&D	Human resources / Legal affairs / Risk management	Business strategy / Finance and accounting
1	Seiichi Kitamura	●	●	●	●		
2	Toyohiro Hagiwara	●	●	●			
3	Atsushi Izumi	●	●		●		
4	Koichi Kakegami	●		●		●	●
5	Takehisa Ikeda	●		●			●
6	Tomoyuki Ono	●				●	●
7	Ai Kuroda	●	●			●	

The Company has an executive officer system in place. The expertise and experience of Executive Officers not concurrently serving as Directors are as follows.


Rank	Name	Expertise and experience					
		Corporate management / Organizational management	International	Sales and marketing	Manufacturing technology / R&D	Human resources / Legal affairs / Risk management	Business strategy / Finance and accounting
Executive Officer	Yuji Hamada	●		●		●	
Executive Officer	Keiji Hirata	●		●	●		
Executive Officer	Takemasa Kurokawa	●			●		
Executive Officer	Fumi Kizuka	●				●	
Executive Officer	Atsuhito Wake	●	●	●			
Executive Officer	Mitsuru Fujii	●	●				●
Executive Officer	Masashi Fujii	●			●		
Executive Officer	Shinichi Uehira	●	●	●			
Executive Officer	Takuji Ikeda	●			●		

Proposal No. 3: Election of One Substitute Audit & Supervisory Board Member

To prepare for any case where the number of Audit & Supervisory Board Members becomes less than the number required by laws and regulations, we propose the election of one Substitute Outside Audit & Supervisory Board Member.

The Nomination and Remuneration Committee has given advice and the Audit & Supervisory Board has given its consent to this proposal in advance.

The candidate is as follows:

Name (Date of birth)	Past experience and significant concurrent positions	Number of shares of the Company
 <p data-bbox="188 741 402 801">Satoko Nishimura (January 14, 1967)</p> <p data-bbox="156 824 432 931">Candidate for Substitute Outside Audit & Supervisory Board Member</p>	<p data-bbox="470 499 1157 560">October 1989 Joined Asahi Shinwa & Co. (currently KPMG AZSA LLC)</p> <p data-bbox="470 566 1109 627">August 1993 Registered as Certified Public Accountant</p> <p data-bbox="470 633 1141 694">March 2001 President, Satoko Nishimura CPA Office (to present)</p> <p data-bbox="470 701 1149 790">October 2002 Registered as certified tax accountant President, Satoko Nishimura Tax Accountant Office (to present)</p> <p data-bbox="470 797 1173 887">February 2023 Outside Director (Audit and Supervisory Committee Member), Zojirushi Corporation (to present)</p> <p data-bbox="470 893 1157 927">June 2023 Outside Director, Linical Co., Ltd. (to present)</p>	<p data-bbox="1268 689 1337 723">None</p>

(Reasons for nomination as a candidate for Substitute Outside Audit & Supervisory Board Member)

Ms. Satoko Nishimura has expertise and a wealth of experience as a certified public accountant and certified tax accountant. She also has experience serving as an outside director of another listed company. Accordingly, the Company believes that she is capable of utilizing these experiences in the Group's audit operations, and therefore, has appointed her as a candidate for Substitute Outside Audit & Supervisory Board Member. Although she has no experience of being involved in corporate management other than serving as an outside director, we have determined, for the reasons stated above, that she will be able to appropriately perform her duties as an Outside Audit & Supervisory Board Member.

Furthermore, she fulfills the requirements for independent officer stipulated by the Tokyo Stock Exchange. In the event that she assumes the position of Outside Audit & Supervisory Board Member, the Company will designate her as an independent officer and file the designation with the Tokyo Stock Exchange.

- (Notes)
1. No special interests exist between Ms. Satoko Nishimura and the Company.
 2. If Ms. Satoko Nishimura assumes the position of Outside Audit & Supervisory Board Member, the Company will enter into an agreement with her to limit her liabilities, in accordance with the provisions stipulated in Article 427, Paragraph 1 of the Companies Act. The maximum limit amount for damage liabilities stated in the agreement is the amount stipulated by laws and regulations.
 3. The Company purchases a directors and officers liability insurance policy from an insurance company, which covers damages to be borne by the insured that may arise when the insured becomes liable in connection with the execution of his/her duties or receives claims related to the pursuit of such liability. Ms. Satoko Nishimura will be covered by the insurance policy if she assumes the position of Outside Audit & Supervisory Board Member.

Proposal No. 4: Determination of Post-Delivery Performance-Linked Share-Based Remuneration for Directors (excluding Outside Directors)

At the 91st Ordinary General Meeting of Shareholders held on June 25, 2020, it was approved that the maximum amount of monetary remuneration for the Company's Directors shall be up to 300 million yen per year (including up to 30 million yen for Outside Directors). Additionally, separate from the monetary remuneration, at the 90th Ordinary General Meeting of Shareholders held on June 21, 2019, it was approved that restricted share-based remuneration shall be limited to 100 million yen per year, with a maximum of 50,000 shares granted annually (Outside Directors are not eligible for the grant). The Company hereby seeks approval for the implementation of a post-delivery performance-linked share-based remuneration plan (the "Plan") for the Company's Directors (excluding Outside Directors; the "Eligible Directors"), for the purpose of further incentivizing Directors to sustainably enhance our corporate value, while promoting further value sharing with shareholders.

This Plan is designed to grant the Company's common shares in the form of restricted stock to Eligible Directors, separately from the current monetary remuneration and restricted share-based remuneration for Directors, through the issuance of new shares of its common stock (restricted stock) or the disposal of its treasury shares in accordance with the Company's performance (collectively, the "Delivery" of shares, or "Deliver"). Under the Plan, Eligible Directors will receive the Company's common stock (restricted stock) either through: (i) the gratuitous Delivery of shares without the need for any contribution of money or other assets in exchange for shares for subscription, as consideration for the execution of Director's duties (the "Gratuitous Delivery Method"); or (ii) the Delivery of shares by contributing the entire amount of monetary remuneration claims provided by the Company as properties contributed in kind (the "Contribution-in-Kind Method").

On that basis, combining both the Gratuitous Delivery Method and the Contribution-in-Kind Method, the total number of shares of the Company's common stock to be Delivered under the Plan shall be up to 30,000 shares per year (provided that, in the event of circumstances after the approval and adoption of this Proposal that require an adjustment to the number of shares, such as a stock split (including gratis allotment of shares of the Company's common stock) or consolidation of the Company's common stock, the Company shall be permitted to reasonably adjust the number of shares to be Delivered), and the total amount of the Company's common stock to be Delivered (or the total amount of monetary remuneration claims to be provided in the case of the Contribution-in-Kind Method) under the Plan shall be up to 150 million yen per year (provided that the Company shall be permitted to provide its common stock and monetary remuneration claims under the Plan in a lump sum covering a period of up to three years.)

The Company currently has eight Directors (including three Outside Directors). If Proposal No. 2 (Company's Proposal) is approved and adopted as originally proposed, the number of Directors will become seven (including three Outside Directors).

1. Overview of the Plan

The Plan is a performance-linked remuneration system aimed at increasing motivation to achieve performance targets set forth in the Medium- to Long-Term Business Plan and other goals, as well as strengthening commitment to improving the Company's corporate value over the medium to long term by varying the number of shares to be Delivered in accordance with the level of goal achievement. Under the Plan, the Board of

Directors shall pre-establish numerical performance targets for a period determined by the Board of Directors (the “Evaluation Period”; the initial Evaluation Period will be the two fiscal years from April 1, 2026 to March 31, 2028, which is a period up to the completion of Phase 2 of the SHIFT2030 Medium- to Long-Term Business Plan.), and the Company shall Deliver shares of its common stock (restricted stock) to Eligible Directors in accordance with the degree of achievement of such numerical performance targets and other factors. Accordingly, at the time of the introduction of the Plan, neither the Delivery of the Company’s common stock (restricted stock) nor the number of shares to be delivered to each Eligible Director is fixed.

2. Remuneration and Other Details of the Plan

(1) Calculation Method of the Remuneration and Other Details of the Plan

- a. The Board of Directors of the Company shall determine the indicators, targets, calculation methods and other matters necessary for the specific calculation of the number of the Company’s common shares to be Delivered to Eligible Directors under this Plan, including (i) the standard number of shares established for each position held by Eligible Directors, (ii) performance indicators relating to the Company’s performance (“Performance Metrics”; initially expected to be operating income to net sales ratio and relative TSR (Total Shareholder Return) against TOPIX (including dividends)) and the numerical targets thereof, and (iii) methods for calculating payment ratios based on the degree of achievement of such targets.
- b. Following the end of the Evaluation Period, the Company shall determine the number of the Company’s common shares to be Delivered to each Eligible Director based on the payment ratio calculated in accordance with the degree of achievement of the numerical targets of the Performance Metrics during such Evaluation Period and other factors.
- c. Eligible Directors shall receive Delivery of shares of the Company’s common stock (restricted stock) determined by b. above, through either the Gratuitous Delivery Method or the Contribution-in-Kind Method.
- d. (i) In the case of the Gratuitous Delivery Method, while no monetary payment is required for the grant of shares of the Company’s common stock, the amount of remuneration per share for each Eligible Director will be calculated based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the Board of Directors resolution related to the grant of shares of the Company’s common stock (restricted stock) under the Plan (or, if no transaction is completed on that day, the closing price on the most recent preceding transaction day). (ii) In the case of the Contribution-in-Kind Method, the amount to be paid per share of the Company’s common stock to be granted under the Plan will be determined by the Board of Directors within a range that is not unduly favorable to Eligible Directors, based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the Board of Directors resolution related to the grant of shares of the Company’s common stock under the Plan (or, if no transaction is completed on that day, the closing price on the most recent preceding transaction day).

(2) Adjustment upon Stock Split or Consolidation

If, prior to the Delivery of shares under this Plan, the total number of issued shares of the Company increases or decreases as a result of a stock consolidation or stock split (including gratis allotment of shares; the same shall apply hereinafter), the number of shares used in the calculations under this Plan shall be adjusted by

multiplying such number by the ratio of the consolidation or split.

(3) Other

If, during the Evaluation Period, an Eligible Director retires from the position of Director of the Company or any other position designated by the Board of Directors of the Company due to death or any other reason deemed justifiable by the Board of Directors of the Company; if a proposal relating to a merger agreement under which the Company becomes the absorbed company, a share exchange agreement or share transfer plan under which the Company becomes a wholly owned subsidiary, or any other organizational restructuring is approved at a General Meeting of Shareholders of the Company (or, where approval at a General Meeting of Shareholders is not required for such organizational restructuring, by the Board of Directors of the Company); or if any other reason deemed justifiable by the Board of Directors of the Company arises, the Company may, as necessary, Deliver a reasonably adjusted number of shares at a time reasonably determined by the Board of Directors of the Company, or, in lieu of such Delivery, pay cash in an amount reasonably determined by the Board of Directors of the Company as equivalent to such shares (provided, however, that the total amount of such cash together with the total value of the Company's common shares delivered under this Plan shall not exceed ¥150 million per year).

3. Conclusion of Restricted Stock Allotment Agreements

In connection with the Delivery of shares of the Company's common stock as performance-linked share-based remuneration under the Plan, the Company and each of the Eligible Directors (limited to Eligible Directors who hold the position of Director of the Company or any other position designated by the Board of Directors of the Company as of the date of the resolution of the Board of Directors of the Company) shall conclude a restricted stock allotment agreement (the "Allotment Agreement"), which shall include the following matters:

- (i) Shares of the Company's common stock allotted to Eligible Directors pursuant to the Allotment Agreement (the "Allotted Shares") shall be subject to restrictions on transfer, creation of security interests, and any other disposition (the "Transfer Restriction") during the period from the delivery date of the restricted stock until the date on which the Eligible Director ceases to hold the position of Director of the Company or any other position designated by the Board of Directors of the Company (the "Restriction Period").
- (ii) If, during the Restriction Period, a matter relating to a merger agreement under which the Company becomes the absorbed company, a share exchange agreement or share transfer plan under which the Company becomes a wholly owned subsidiary, or any other organizational restructuring is approved at a General Meeting of Shareholders of the Company (or, where approval at a General Meeting of Shareholders is not required for such organizational restructuring, by the Board of Directors of the Company), the Transfer Restriction shall be released, by resolution of the Board of Directors of the Company, with respect to a reasonably determined number of the Allotted Shares prior to the effective date of such organizational restructuring.
- (iii) If, during the Restriction Period, an Eligible Director engages in certain misconduct or other acts specified by the Board of Directors of the Company, the Company shall acquire all or part of the Allotted Shares without consideration.
- (iv) The Allotment Agreement shall also set forth the methods for making declarations of intention and giving notices under the Allotment Agreement, the method for amending the Allotment Agreement, and such other matters as may be determined by the Board of Directors.

4. Forfeiture of Rights to Performance-Linked Share-Based Remuneration and Clawback

If an Eligible Director engages in certain misconduct specified by the Board of Directors of the Company or retires for certain reasons specified by the Board of Directors of the Company, such Eligible Director shall forfeit all or part of the rights to receive performance-linked share-based remuneration under the Plan.

In addition, in accordance with policies determined by the Board of Directors of the Company based on the results of deliberations and recommendations by the Nomination and Compensation Committee, where, during a certain period specified by the Board of Directors of the Company, (i) inappropriate conduct that significantly damages the reputation of the Company, (ii) serious misconduct, (iii) revisions to financial statements due to misconduct, (iv) revisions to financial statements due to material accounting errors, or similar events occur, the Company shall acquire without consideration all or part of the Performance-Linked Share-Based Remuneration (including restricted stock Delivered as Performance-Linked Share-Based Remuneration) granted to all or some Eligible Directors. (If the restricted stock Delivered as Performance-Linked Share-Based Remuneration has already been disposed of, the Company shall demand payment of an amount equivalent to the proceeds from such disposition.)

5. Future Amendments to the Plan

The Performance Metrics, calculation methods, and other details of the Plan may be amended from time to time by resolution of the Board of Directors in response to changes in the business environment, revisions to management targets, or other factors.

The Company has established, at the meeting of the Board of Directors held on February 5, 2021, a policy for determining remuneration for individual Directors. Subject to the approval of this proposal, the Company plans to amend such policy to reflect the contents of this proposal. As described above, under the Contribution-in-Kind Method, the amount to be paid in for the Allotted Shares shall be set at an amount that is not unduly favorable, and the dilution ratio resulting from the shares granted under the Plan will be minimal. Accordingly, the Company has determined that the grant of shares under the Plan is reasonable.

(Reference)

The Company plans to grant to its Executive Officers a post-delivery performance-linked share-based remuneration plan similar to the post-delivery performance-linked share-based remuneration described above.

Proposal No. 5 and onwards are proposals made by a shareholder.

The summary and reasons for the proposals have been translated from the original text submitted by the shareholder, without editing or summarization.

<Shareholder's Proposals>

Proposal No. 5: Election of One Director

(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.

Opinion of the Board of Directors of the Company

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

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.

Proposal No. 6: 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.

Opinion of the Board of Directors of the Company

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

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.

Proposal No. 7: 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.

Opinion of the Board of Directors of the Company

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

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.

Proposal No. 8: 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.

Opinion of the Board of Directors of the Company

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

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.

Proposal No. 9: 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) 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. <u>2 (New)</u></p>	<p>(Record Date for the Ordinary General Meeting of Shareholders) 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. <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.

Opinion of the Board of Directors of the Company

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

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.