

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

[Securities Code: 7102]

June 6, 2024

To our shareholders:

Mamoru Tanaka, President and CEO

NIPPON SHARYO, LTD.

1-1, Sanbonmatsu-cho, Atsuta-ku, Nagoya, Aichi, Japan

Notice of the 195th Annual General Meeting of Shareholders

The 195th Annual General Meeting of Shareholders of NIPPON SHARYO, LTD. (the “Company”) will be convened as described below.

In convening this Annual General Meeting of Shareholders, the Company has taken measures for providing information that constitutes the content of reference documents, etc. for the general meeting of shareholders (matters subject to electronic provision measures) in electronic format, and has posted the information on each of the following websites. Please access either of the websites to view the information.

The Company’s website:

<https://www.n-sharyo.co.jp/finance/meeting.html> (in Japanese)

In addition to the Company’s website, the matters subject to electronic provision measures are also posted on the following Tokyo Stock Exchange (TSE) website and the Website for posted informational materials for the General Meeting of Shareholders.

TSE website (Listed Company Search):

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

(Access the TSE website by using the URL shown above, enter “NIPPON SHARYO” in “Issue name (company name)” or the Company’s securities code “7102” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].”)

Website for posted informational materials for the General Meeting of Shareholders:

<https://d.sokai.jp/7102/teiji/> (in Japanese)

Other than attending the meeting, you may also exercise your voting rights in writing or by electromagnetic method (via the internet, etc.), so please review the Reference Documents for the General Meeting of Shareholders below and exercise your voting rights no later than 5:10 p.m., Wednesday, June 26, 2024 (JST).

1. Date and Time: Thursday, June 27, 2024 at 10:00 a.m. (JST)

2. Venue: NIPPON SHARYO Head Office

1-1, Sanbonmatsu-cho, Atsuta-ku, Nagoya, Aichi, Japan

3. Agenda of the Meeting

Matters to be reported:

1. The content of the business report and consolidated financial statements, and the audit reports of the Financial Auditor and the Audit & Supervisory Board regarding the consolidated financial statements for the 195th fiscal year (April 1, 2023–March 31, 2024)
2. The content of non-consolidated financial statements for the 195th fiscal year (April 1, 2023–March 31, 2024)

Matters to be resolved:

<Company proposals>

Proposal No. 1 Appropriation of Retained Earnings

Proposal No. 2 Election of Seven Directors

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

<Shareholder proposal>

Proposal No. 4 Appropriation of Retained Earnings

The summary of the proposal related to the shareholder proposal (Proposal No. 4) is as described in the “Reference Documents for the General Meeting of Shareholders” (pages 14 to 16) below.

4. Other Matters Concerning Voting Rights

- (1) If you exercise your voting rights in writing (by postal mail) and do not indicate approval or disapproval for a proposal on the voting form, it will be considered an indication of approval for the Company’s proposal and disapproval for the shareholder’s proposal.
 - (2) Because Proposals No. 1 and No. 4 have a conflicting relationship, if you exercise your voting rights in writing or via the Internet and indicate approval of both Proposals No. 1 and No. 4, your exercise of voting rights for Proposals No. 1 and No. 4 will be treated as invalid.
 - (3) When voting rights are exercised multiple times via the internet etc., the latest vote received shall be deemed effective.
 - (4) When voting rights are exercised both in writing and via the internet etc., the vote received via the internet shall be deemed effective.
- If attending the meeting in person, please present the enclosed voting form at the reception desk.
 - If revisions to the matters subject to electronic provision measures arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on each of the aforementioned websites.
 - Regarding this Annual General Meeting of Shareholders, the documents containing the matters subject to electronic provision measures will be sent to all shareholders in writing, regardless of whether or not a request for delivery of paper-based documents has been made. In accordance with the provisions of laws and regulations and Article 20 of the Articles of Incorporation of the Company, among the matters subject to electronic provision measures, the following matters are not provided in the paper-based documents.
 - (i) Business Report: “System to Ensure Appropriateness of Operations and Overview of Operation of the System”
 - (ii) Consolidated Financial Statements: “Consolidated Statements of Changes in Net Assets,” “Notes to the Consolidated Financial Statements”
 - (iii) Non-Consolidated Financial Statements: “Statements of Changes in Net Assets,” “Notes to the Non-Consolidated Financial Statements”

Accordingly, the Business Report, Consolidated Financial Statement and the Non-Consolidated Financial Statement which are on the paper-based documents are part of the documents included in the scope of audits by the Financial Auditor to prepare Audit Report and Audit & Supervisory Board Members to prepare Auditing Report.

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Information

<Company Proposals (Proposal No. 1 to Proposal No. 3)>

Proposal No. 1 Appropriation of Retained Earnings

It is the basic policy of the Company to proactively promote business development and maintain long-term stability in its dividends in order to secure stable shareholder benefit into the future.

In accordance with this policy, the Company has given consideration to matters including the business performance of the fiscal year and internal reserves, and it proposes to pay year-end dividends for the fiscal year as follows:

Year-end dividends

- (1) Type of dividend property
Cash
- (2) Allotment of dividend property to shareholders and their aggregate amount
¥15 per common share of the Company Aggregate amount: ¥216,476,940
(The annual dividend, including the interim dividend of ¥10 per share, will total ¥25 per share.)
- (3) Effective date of the dividends of Retained Earnings
June 28, 2024

Proposal No. 2 Election of Seven Directors

At the conclusion of this meeting, the terms of office of all seven Directors will expire. Therefore, the Company proposes the election of seven Directors.

The candidates for Director are as follows:

Candidate No.	Name	Positions in the Company	
1	Mamoru Tanaka	Representative Director Director, President and CEO	Reelection
2	Akira Koyasu	Representative Director Director and Executive Vice President	Reelection
3	Minoru Tayama	Managing Director Division Chief & General Manager of Corporate Planning and Strategy Division	Reelection
4	Michikazu Fukaya	Director Division Chief & General Manager of Construction Equipment Division	Reelection
5	Atsushi Niimi	Outside Director	Reelection Outside Independent
6	Akira Nishihata	Outside Director	Reelection Outside Independent
7	Michiko Kato	Outside Audit & Supervisory Board Member	New election Outside Independent

Reelection Reelection candidate for Director

New election New candidate for Director

Outside Outside Director candidate

Independent Independent officer as stipulated in stock exchange regulations

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	<p>Mamoru Tanaka (August 5, 1958)</p> <p>Male Reelection</p>	<p>Apr. 1982 Joined Japanese National Railways</p> <p>June 2010 General Manager of Rolling Stock Department, Shinkansen Operations Division of Central Japan Railway Company</p> <p>June 2014 Corporate Officer and Director General of Kansai Branch Office of Central Japan Railway Company</p> <p>June 2016 Corporate Officer, Deputy Director General of General Technology Division and General Manager of Technology Planning Department, General Technology Division of Central Japan Railway Company</p> <p>June 2016 Audit & Supervisory Board Member of the Company</p> <p>June 2018 Director, Corporate Executive Officer and Director General of Shinkansen Operations Division of Central Japan Railway Company</p> <p>June 2020 Executive Vice President and Representative Director, in charge of Shinkansen and Conventional Lines Operations Division and in charge of Transportation Safety Section of Central Japan Railway Company</p> <p>June 2023 President and CEO of the Company (current position)</p>	100
<p>[Reasons for nomination as a Director candidate]</p> <p>Mamoru Tanaka has worked at Central Japan Railway Company, primarily in operations related to technology and development of rolling stock, and after serving as Director and Corporate Executive Officer and Executive Vice President and Representative Director, he has been serving as President and CEO of the Company from 2023. He has abundant experience and broad insight concerning all aspects of technology and all aspects of business management, and the Company believes that his abilities, insights, and career are suitable for maintaining the sound management and further development of the Group, making him an appropriate candidate for the Company's Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
2	<p style="text-align: center;">Akira Koyasu (January 27, 1958)</p> <p style="text-align: center;">Male Reelection</p>	<p>Apr. 1980 Joined the Company</p> <p>June 2006 General Manager of Material Department, Rolling Stock Division of the Company</p> <p>Feb. 2009 General Manager of Business Planning Department, Rolling Stock Division of the Company</p> <p>June 2010 Executive Officer and General Manager of Business Planning Department, Rolling Stock Division of the Company</p> <p>Oct. 2010 Executive Officer of the Company President and CEO of NIPPON SHARYO U.S.A., INC.</p> <p>June 2016 Managing Executive Officer of the Company President and CEO of NIPPON SHARYO U.S.A., INC.</p> <p>June 2018 Representative Director and Senior Managing Director, Division Chief & General Manager of the Corporate Planning and Strategy Division, and in charge of administration and compliance of the Company</p> <p>June 2023 Representative Director and Executive Vice President, and in charge of administration and compliance of the Company (current position)</p>	3,300
<p>[Reasons for nomination as a Director candidate]</p> <p>Akira Koyasu has primarily worked in the Company's operations related to materials and business planning in the rolling stock business and he has served as a Representative Director and Senior Managing Director of the Company from 2018, and Representative Director and Executive Vice President and Representative Director from 2023. He has abundant experience and broad insight concerning the rolling stock business and all aspects of business management, and the Company believes that his abilities, insights, and career are suitable for maintaining the sound management and further development of the Group, making him an appropriate candidate for the Company's Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
3	<p data-bbox="359 607 517 667">Minoru Tayama (July 22, 1962)</p> <p data-bbox="384 703 491 763">Male Reelection</p>	<p data-bbox="612 264 975 293">Apr. 1985 Joined the Company</p> <p data-bbox="612 300 1209 360">Oct. 2010 General Manager of Production Department, Rolling Stock Division of the Company</p> <p data-bbox="612 367 1219 456">Apr. 2015 General Manager of High Speed Train Production Management Department, Rolling Stock Division of the Company</p> <p data-bbox="612 463 1219 524">June 2016 General Manager of Toyokawa Plant, Rolling Stock Division of the Company</p> <p data-bbox="612 530 1198 680">June 2017 Executive Officer, Deputy Chief & General Manager of Rolling Stock Division, and General Manager of Business Planning Department, Rolling Stock Division of the Company</p> <p data-bbox="612 687 1209 748">June 2019 Director (part time) of Nagoya Rinkai Rapid Transit Co., Ltd. (current position)</p> <p data-bbox="612 754 1225 882">June 2019 Executive Officer, Deputy Chief & General Manager of Rolling Stock Division, and Chief Engineer of Rolling Stock Division of the Company</p> <p data-bbox="612 889 1209 978">June 2020 Director and Division Chief & General Manager of Corporate Planning and Strategy Division of the Company</p> <p data-bbox="612 985 1209 1099">June 2023 Managing Director and Division Chief & General Manager of Corporate Planning and Strategy Division of the Company (current position)</p>	1,000
<p data-bbox="276 1111 754 1140">[Reasons for nomination as a Director candidate]</p> <p data-bbox="276 1146 1442 1328">Minoru Tayama has primarily worked in the Company's operations related to manufacturing and planning in the rolling stock business and he has served as Managing Director and Division Chief & General Manager of Corporate Planning and Strategy Division since 2023. He has abundant experience and broad insight concerning the rolling stock business and all aspects of business management, and the Company believes that his abilities, insights, and career are suitable for maintaining the sound management and further development of the Group, making him an appropriate candidate for the Company's Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
4	<p style="text-align: center;">Michikazu Fukaya (December 22, 1959)</p> <p style="text-align: center;">Male Reelection</p>	<p>Apr. 1982 Joined Nichiyu Koki,Ltd.</p> <p>Jan. 1999 Joined the Company</p> <p>June 2010 General Manager of Administrative Department, Industrial & Electrical Equipment Division of the Company</p> <p>Dec. 2012 General Manager of Narumi Plant, Industrial & Electrical Equipment Division of the Company</p> <p>July 2017 Deputy General Manager of Human Resources Department of the Company</p> <p>June 2018 Executive Officer and General Manager of General Affairs Department of the Company</p> <p>June 2020 Executive Officer and Division Chief & General Manager of Industrial & Electrical Equipment Division of the Company</p> <p>June 2022 Director and Division Chief & General Manager of Industrial & Electrical Equipment Division of the Company</p> <p>Apr. 2024 Director and Division Chief & General Manager of Construction Equipment Division (current position)</p>	800
<p>[Reasons for nomination as a Director candidate]</p> <p>Michikazu Fukaya has primarily worked in the Company's operations related to planning in the construction equipment business and he served as Director and Division Chief & General Manager of Industrial & Electrical Equipment Division from 2022 (and as Director and Division Chief & General Manager of Construction Equipment Division since the organizational reform in April 2024). He has abundant experience and broad insight concerning the construction equipment business, and the Company believes that his abilities, insights, and career are suitable for maintaining the sound management and further development of the Group, making him an appropriate candidate for the Company's Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
5	<p data-bbox="363 562 512 622">Atsushi Niimi (July 30, 1947)</p> <p data-bbox="379 658 496 779">Male Reelection Outside Independent</p>	<p data-bbox="612 264 1241 324">Apr. 1971 Joined Toyota Motor Co., Ltd. (currently Toyota Motor Corporation)</p> <p data-bbox="612 331 1241 392">June 2000 Director and Manager of Motomachi Plant and Tsutsumi Plant of Toyota Motor Corporation</p> <p data-bbox="612 398 1241 427">June 2004 Director of Toyota Motor Corporation</p> <p data-bbox="612 434 1241 555">June 2005 Senior Managing Director and Chief Officer of Production Control & Logistics Group and Manufacturing Group of Toyota Motor Corporation</p> <p data-bbox="612 562 1241 651">June 2006 Senior Managing Director and Chief Officer of Production Planning Group of Toyota Motor Corporation</p> <p data-bbox="612 658 1241 719">June 2007 Senior Managing Director and Chief Officer of Purchasing Group of Toyota Motor Corporation</p> <p data-bbox="612 725 1241 786">June 2009 Representative Director and Executive Vice President of Toyota Motor Corporation</p> <p data-bbox="612 792 1241 853">June 2009 Audit & Supervisory Board Member of JTEKT CORPORATION</p> <p data-bbox="612 860 1241 920">June 2013 Representative Director and Chairman of JTEKT CORPORATION</p> <p data-bbox="612 927 1241 987">June 2014 Director (part time) of Nagoya Stock Exchange, Inc. (current position)</p> <p data-bbox="612 994 1241 1023">Mar. 2015 Director of Yamaha Motor Co., Ltd.</p> <p data-bbox="612 1030 1241 1077">June 2016 Outside Director of the Company (current position)</p>	1,000
<p data-bbox="276 1084 1038 1113">[Reason for nomination as a candidate for Outside Director and expected role]</p> <p data-bbox="276 1120 1409 1270">Atsushi Niimi has abundant experience and broad insight relating to production management and corporate management as he has served in positions including Representative Director and Executive Vice President of Toyota Motor Corporation and Representative Director and Chairman of JTEKT CORPORATION. Based on his abilities, insights, and career, the Company expects him to provide supervision and valuable advice as an Outside Director to maintain the sound management and further development of the Group.</p>			

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
6	Akira Nishihata (May 27, 1955) Male Reelection Outside Independent	Apr. 1980	Joined Mitsui Engineering & Shipbuilding Co., Ltd. (currently Mitsui E&S Holdings Co., Ltd.)
		June 2013	Director, in charge of Corporate Planning Dept. of Mitsui Engineering & Shipbuilding Co., Ltd.
		June 2015	Director, in charge of Corporate Planning Dept. and Research & Development Hq. of Mitsui Engineering & Shipbuilding Co., Ltd.
		Apr. 2016	Director and Managing Executive Officer, in charge of Corporate Planning Dept., Research & Development Hq., Marketing Promotion Dept. and environmental & safety control, and General Manager of Ocean Business Promotion Dept. of Mitsui Engineering & Shipbuilding Co., Ltd.
		Oct. 2016	Director and Managing Executive Officer, General Manager of Corporate Planning Hq., in charge of Research & Development Hq. and environmental & safety control of Mitsui Engineering & Shipbuilding Co., Ltd.
		Apr. 2017	Director and Managing Executive Officer, in charge of procurement and environmental & safety control, and General Manager of Research & Development Hq. of Mitsui Engineering & Shipbuilding Co., Ltd.
		Apr. 2018	Director, in charge of Technical Co-ordination Dept. and Auditing Dept. of Mitsui E&S Holdings Co., Ltd.
		June 2021	Outside Director of the Company (current position)
[Reason for nomination as a candidate for Outside Director and expected role] Akira Nishihata has abundant experience and broad insight relating to all aspects of technology and corporate management as he has served in positions including Director and Director and Managing Executive Officer of Mitsui E&S Holdings Co., Ltd. Based on his abilities, insights, and career, the Company expects him to provide supervision and valuable advice as an Outside Director to maintain the sound management and further development of the Group.			
7	Michiko Kato (August 20, 1953) Female New election Outside Independent	Apr. 1980	Registered as an attorney at law and joined the Nagoya Bar Association (currently the Aichi Bar Association) Joined Hata Law Office
		Apr. 1998	Vice-President of Nagoya Bar Association
		Apr. 2001	Opened Kato Sogo Law Office (currently Kato Ueda Sogo Law Office)
		Apr. 2005	Chair of Training Committee of Aichi Bar Association
		Apr. 2007	Professor of Nagoya University Graduate School of Law
		June 2015	Outside Audit & Supervisory Board Member of the Company (current position)
[Reason for nomination as a candidate for Outside Director and expected role] Michiko Kato is qualified as an attorney at law, and has abundant experience and broad insight, including having served as a Professor of Nagoya University Graduate School of Law. She has served as Outside Audit & Supervisory Board Member of the Company by leveraging this experience and insight. Based on her abilities, insights, and career, the Company expects her to provide supervision and valuable advice as an Outside Director to maintain the sound management and further development of the Group. Though she has never been involved in corporate management in the past other than as an outside officer, for the above-mentioned reasons, the Company has determined that she will appropriately perform her duties as an Outside Director.			

Notes: 1. There is no special interest between any of the candidates and the Company.

2. Mamoru Tanaka has been serving as a person executing business at the Company's parent company Central Japan Railway Company for 10 years, and his position and responsibility are provided in "Career summary, positions and responsibilities in the Company and significant concurrent positions outside the Company" above.
3. Atsushi Niimi, Akira Nishihata and Michiko Kato are Outside Director candidates.
4. Atsushi Niimi and Akira Nishihata are currently serving as Outside Directors and their terms of office as of the conclusion of this meeting will reach eight years and three years, respectively.
5. Atsushi Niimi and Akira Nishihata are currently serving as members of the Nomination and Compensation Committee and the special committee for important transactions, etc. with the parent company, etc., respectively. If Mr. Niimi and Mr. Nishihata are elected, the Company plans for them to continue to be involved as members of the Nomination and Compensation Committee in the selection of candidates for the Company's officers and determination for compensation of Directors, as well as to be involved as members of the special committee for important transactions, etc. with the parent company, etc. to discuss matters on important transactions with the parent company, etc., taking an objective and neutral standpoint from both roles. If the election of Michiko Kato is approved, the Company plans for her to be involved as a member of the Nomination and Remuneration Committee, as well as to be involved as a member of the special committee for important transactions, etc. with the parent company, etc., taking an objective and neutral standpoint from both roles.
6. In accordance with the provisions of Article 427, paragraph (1) of the Companies Act, the Company has concluded agreements with Atsushi Niimi and Akira Nishihata to limit their liability to the amount specified in Article 425, paragraph (1) of the Companies Act. If the reelection of Mr. Niimi and Mr. Nishihata is approved, the Company plans to continue these agreements. The Company has concluded an agreement with Michiko Kato to limit her liability as an Outside Audit & Supervisory Board Member, and if her election as an Outside Director is approved, the Company plans to conclude a similar agreement with her to limit her liability.
7. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. A summary of the details of the policy is presented in the Business Report (in Japanese only). If the election of the candidates is approved, each of them will be included as an insured in the policy. In addition, the Company plans to renew the policy with the same terms upon the next renewal.
8. Per the stipulations of the Tokyo Stock Exchange and Nagoya Stock Exchange, the Company has filed the relevant notifications designating Atsushi Niimi and Akira Nishihata as independent officers. If the reelection of Atsushi Niimi and Akira Nishihata is approved, the Company plans to maintain their positions as independent officer. Michiko Kato satisfies the requirements of an independent officer stipulated by the Tokyo Stock Exchange. If her election is approved, the Company plans to designate her as an independent officer.

[Skills Matrix]

Circle marks (●) have been placed in categories for which the Company has particularly high expectations in accordance with the knowledge, experience, and abilities of each Director candidate.

Director candidate		Corporate management	Finance and accounting	Sales and marketing	International matters	Technology and development	Manufacturing and quality control	Legal affairs and compliance
Mamoru Tanaka		●				●	●	●
Akira Koyasu		●	●	●	●			●
Minoru Tayama		●	●		●	●	●	
Michikazu Fukaya			●	●	●			
Atsushi Niimi	Outside	●			●	●	●	●
Akira Nishihata	Outside	●	●	●		●		
Michiko Kato	Outside							●

Note: The matrix above does not represent the entirety of the knowledge possessed by each Director candidate.

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

The term of office of current Audit & Supervisory Board Member Michiko Kato will be expired at the conclusion of this meeting. Therefore, the Company proposes the election of one Audit & Supervisory Board Member.

The agreement of the Audit & Supervisory Board has been received for this proposal.

The candidate for Audit & Supervisory Board Member is as follows:

Name	Positions in the Company	Candidate attributes
Yasushi Fukuizumi	–	New election Outside Independent

Reelection Reelection candidate for Audit & Supervisory Board Member
 New election New candidate for Audit & Supervisory Board Member
 Outside Outside Audit & Supervisory Board Member candidate
 Independent Independent officer as stipulated in stock exchange regulations

Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
Yasushi Fukuizumi (July 16, 1958) Male New election Outside Independent	Apr. 1982 Joined Mitsubishi Heavy Industries, Ltd. Apr. 2011 Senior Vice President of Mitsubishi Power Systems Americas Apr. 2015 Associate General Manager of Planning & Administration Department of Power Systems of Mitsubishi Heavy Industries, Ltd. Apr. 2017 Senior Officer and Vice President of Power Systems of Mitsubishi Heavy Industries, Ltd. Apr. 2019 Executive Officer and Vice President of Energy Systems of Mitsubishi Heavy Industries, Ltd. Apr. 2023 Executive Adviser of Energy Systems of Mitsubishi Heavy Industries, Ltd.	–

[Reasons for nomination as an Outside Audit & Supervisory Board Member candidate]
 Yasushi Fukuizumi has abundant experience and broad insight concerning all aspects of technology and corporate management, having served in positions including Senior Vice President of an overseas subsidiary and as Executive Officer and Vice President of Energy Systems at Mitsubishi Heavy Industries, Ltd. The Company believes that his abilities, insights, and career are appropriate for supervising the execution of duties by Directors, and that he is qualified to serve as an Outside Audit & Supervisory Board Member of the Company.

- Notes:
1. There is no special interest between the candidate and the Company.
 2. Yasushi Fukuizumi is an Outside Audit & Supervisory Board Member candidate. If his election is approved, he will become an independent officer in accordance with the provisions of the Tokyo Stock Exchange and Nagoya Stock Exchange.
 3. If the election of Outside Audit & Supervisory Board Member candidate Yasushi Fukuizumi is approved, the Company plans, in accordance with the provisions of Article 427, paragraph (1) of the Companies Act, to enter into an agreement with him to limit his liability to the amount specified in Article 425, paragraph (1) of the Companies Act.
 4. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. A summary of the details of the policy is presented in the Business Report (in Japanese only). If the election of the candidate is approved, he will be included as an insured in the policy. In addition, the Company plans to renew the policy with the same terms upon the next renewal.

<Shareholder Proposal (Proposal No. 4)>

Proposal No.4 has been proposed by a shareholder.

The content of the shareholder proposal is the English translation of the original text of the relevant parts of the document concerning the shareholder proposal submitted by the proposing shareholder, except for conventional modifications (reasons for proposal are as stated in the content submitted).

The Company's Board of Directors opposes to the shareholder proposal as described below.

Proposal No. 4 Appropriation of Retained Earnings

1. Outline of proposal

The dividend is ¥50 per common share of the Company.

(Including the interim dividend of ¥10, the annual dividend will total ¥60.)

2. Reasons for proposal

- (1) Net sales of the Company have remained strong for the past few years, and operating profit and ordinary profit are also recovering and rising. In addition, the Company's net assets are also increasing (refer to the Company's interim report 5 for the fiscal year (the 195th term) and the Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2023).
- (2) On the other hand, when we look at the status of the Company's dividends (amount of dividends and dividend payout ratio), dividends have been transitioning as stated in the attached document under the Company's basic policy to "maintain long-term stability in its dividends," and the dividend for the fiscal year is expected to be ¥20 in total, including the interim dividend of ¥10.
- (3) However, as stated in (1) above, in addition to the rising trend of the Company's business performance, the dividend payout ratio of the Company has remained at a low level, while the corresponding ratio of its competitors (The Kinki Sharyo Co.,Ltd., Kawasaki Heavy Industries, Ltd.) have all remained at a high level as stated in the attached document. Furthermore, the Company has not provided clear and specific explanation to its shareholders as to why the dividend amount has been kept low.
- (4) In addition, the Company paid ¥5 per share from 2010 to 2014, and ¥2.5 per share in 2015, then consolidated 10 shares of its common shares to one share on October 1, 2018. From the perspective of appropriately distributing profit to shareholders, the dividend amount should be increased in proportion to the consolidation of shares to a substantial extent, however, the Company paid no dividends from 2016 to 2020, and ¥10 to ¥20 per share after that. It can be hardly said that reasonable dividends aligned with the share value have been paid.
- (5) By taking into consideration each of the circumstances described above, the Company should return profit to its shareholders by appropriately paying dividends of Retained Earnings at this point of time, even if it takes into consideration the need to aim for stable management over a long term and secure a certain level of internal reserves.

As for the specific amount of dividend, the year-end dividend should be ¥50 per share, in view of reasons stated above.

(Shareholder Proposal Attached Document)

Transition of dividends

Unit: Yen

	The Company	The Kinki Sharyo Co.,Ltd.	Kawasaki Heavy Industries, Ltd.
Fiscal year ended March 31, 2020	0	0	35
Fiscal year ended March 31, 2021	10	30	0
Fiscal year ended March 31, 2022	20	30	40
Fiscal year ended March 31, 2023	20	50	90

Transition of dividend payout ratio

Unit: %

	The Company	The Kinki Sharyo Co.,Ltd.	Kawasaki Heavy Industries, Ltd.
Fiscal year ended March 31, 2020	0	0	31.3
Fiscal year ended March 31, 2021	1.8	31.2	0
Fiscal year ended March 31, 2022	5.5	7.5	53
Fiscal year ended March 31, 2023	9.3	29.1	28.4

3. Opinion of the Board of Directors

Opinion of the Board of Directors on the shareholder proposal

The Company's Board of Directors opposes to the shareholder proposal for the following reasons.

(Reasons)

The Company's fundamental philosophy is to contribute broadly to the improvement and development of social infrastructure by creating things of highest quality as an "infrastructure creation company" under sound management. Under this fundamental philosophy, the Company determines its dividends based on the basic policy to pay dividends stably and over a long term and by comprehensively considering the trend of business results, financial position and the improvement of internal reserves for future business development.

The Company recognizes that improving shareholders return while aiming to align with this basic dividend policy is one of its important issues. The Company had continued to pay annual dividends of ¥50 per share (*) in the past, however, in light of the deterioration of its financial results due to losses in its North America business, the Company had stopped paying dividends from the fiscal year ended March 31, 2016. However, the Company has resumed dividend payments and paid ¥10 in the fiscal year ended March 31, 2021. Moreover, in Proposal 1 of this Annual General Meeting of Shareholders, the Company is proposing to increase its annual dividend from ¥20 to ¥25 (with the year-end dividend to be increased from ¥10 to ¥15) for the fiscal year ended March 31, 2024, and plans to restore the level of the annual dividend for the fiscal year ending March 31, 2025 to ¥30. Based on the basic policy for dividends, the Company is making efforts to increase its medium- to long-term corporate value so that it will be able to further improve shareholder returns.

Meanwhile, in terms of the Company's financial position, the balance of its long-term borrowings was ¥37.6 billion at the end of March 31, 2024. This was a result of transferring assets of three plants of the Company to Central Japan Railway Co. (hereinafter, the "Parent Company") in April 2017 to respond to the deterioration of financial conditions due to a large amount of loss incurred in the North America business in the past, as well as receiving a long-term loan in the amount of ¥35 billion from the Parent Company in November 2017.

Since the fiscal year ended March 31, 2019, the Company has stabilized its financial base to a certain extent by steadily producing profit and accumulating cash on hand. Consequently, the Company started repaying the long-term loan mentioned above in the fiscal year ended March 31, 2022, and repurchased Toyokawa Plant in March 2023, which is one of the three plants the Company had transferred to the Parent Company in 2017. Nevertheless, the Company will continue to pay ¥2.9 billion per year for the long-term loan, and needs to consider securing funds to repurchase the remaining plants, i.e., Narumi Plant and Kinuura Plant. Moreover, as a manufacturing company, the Company needs to maintain and update its production equipment in a planned manner. In addition, as a harsh management environment, such as the decreasing demand of railway operators for updating rolling stock in the post COVID-19 era, is expected to continue, we believe that, in order to increase the Company's medium- to long-term corporate value, it is essential for the Company to also proactively conduct research and development and make capital investments so that it will be able to earn revenue in the future.

As can be seen from the above, the Company has been accumulating cash on hand so that it will be able to utilize funds needed to continue its business and increase its medium- to long-term corporate value, in addition to providing shareholder returns, and we believe the Company needs to continue securing a level of cash on hand that enables the Company to achieve those objectives.

Under these circumstances, as described above, Proposal 1 of this Annual General Meeting of Shareholders is proposing to increase year-end dividends by ¥5 per share and pay ¥15 per share for the year ended March 31,

2024, and if Proposal 1 is approved and adopted at this Annual General Meeting of Shareholders, the annual dividend will be ¥25 per share in total, including the interim dividend of ¥10.

On the other hand, the shareholder proposal proposes “year-end dividends of ¥50 per common share of the Company for the fiscal year ended March 31, 2024 (annual dividend of ¥60 per share in total, including interim dividend of ¥10).” This shareholder proposal is not in alignment with policies, etc., for the future utilization of funds over the medium to long term based on the Company’s basic policy for dividends, financial position and management environment as described above. Consequently, we have determined that it will not lead to the improvement of the Company’s medium- to long-term corporate value.

Therefore, the Company’s Board of Directors opposes to the shareholder proposal.

Note: As the Company consolidated 10 shares of its common shares to one share as of October 1, 2018, the stated amount is the amount after taking into account the share consolidation.