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March 17, 2026

To All

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Notice of the filing of an action for cancellation of a surcharge payment order from the Japan Fair Trade Commission

As announced in “Notice concerning receipt of a cease and desist order and a surcharge payment order from the Japan Fair Trade Commission” dated September 24, 2025, the company and Nippon Trex Co., Ltd., our subsidiary (hereinafter, “Both Companies”), received a cease and desist order and a surcharge payment order regarding the sale of “upper bodies” manufactured by Both Companies from the Japan Fair Trade Commission based on the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (hereinafter, “Antimonopoly Act”).

It is very regrettable that we have arrived at this situation, and we offer our deepest apologies once again to our customers, business partners, shareholders and other related parties for the great inconvenience and concern this has caused.

The Group takes the fact of this violation of the Antimonopoly Act solemnly and seriously, and our officers and employees are working as one towards the prevention of reoccurrence, a review of our compliance structure and the elimination of legal and regulatory violations.

On the other hand, having carefully examining and confirming the details of each order, we have some differences of opinion with the Japan Fair Trade Commission with regard to the findings of fact and legal interpretation in the surcharge payment order. We hereby inform you that because of this, Both Companies have today filed a lawsuit aimed at requesting a reduction of the surcharge.

From now on, we will make claims and present evidence with regard to the opinions of Both Companies in this action for cancellation and seek a fair judicial decision aimed at a reduction of the surcharge, but regardless of the result of this action for cancellation, the Group as a whole will implement compliance thoroughly, strengthen internal control systems, strive for the prevention of reoccurrence and work on the restoration of trust.

[Reference: Overview of the surcharge payment order]

Pay a surcharge totaling 5,925,530 thousand yen (Us: 2,601,890 thousand yen; Nippon Trex Co., Ltd.: 3,323,640 thousand yen) to the National Treasury by April 27, 2026.

(* Note that the above surcharge amounts follow a reduction of 30% in accordance with the application of the surcharge reduction and exemption system.)