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Securities code: 7958

June 7, 2024

To our shareholders

Hirohiko Hirono  
President and Representative Director  
**TENMA CORPORATION**  
63-6, 1-Chome Akabane, Kita-ku, Tokyo, Japan

## **Notice of the 76th Ordinary General Meeting of Shareholders**

We would like to express our sincere appreciation for your continued support.

We hereby give notice of the 76th Ordinary General Meeting of Shareholders of TENMA CORPORATION.

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

### **Company's website:**

**<https://www.tenmacorp.co.jp> (in Japanese)**

(From the above website, select "IR Information," "Shareholder/Stock Information," and then "General Meeting of Shareholders.")

In addition to the Company's website mentioned above, the matters for which measures for providing information in electronic format are to be taken are also posted on each of the following websites.

### **Website for posted informational materials for the general meeting of shareholders:**

**<https://d.sokai.jp/7958/teiji/> (in Japanese)**

### **TSE website (Listed Company Search):**

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

(Access the TSE website by using the internet address shown above, enter "TENMA CORPORATION" in the "Issue name (company name)" or "7958" in "Code," and click "Search." Then, click "Basic information" and select "Documents for public inspection/PR information." Under "Filed information available for public inspection," click "Click here for access" under "[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].")

If you wish to refrain from attending the meeting, you may exercise your voting rights in writing or via the internet, etc. After having reviewed the Reference Documents for the General Meeting of Shareholders, please exercise your voting rights in accordance with "How to Exercise Voting Rights" by 5:30 p.m. on Tuesday, June 25, 2024 (JST).

**1. Date and Time:** Wednesday, June 26, 2024, at 10:00 a.m. (Reception is scheduled to start at 9:00 a.m.)

**2. Venue:** 11-1, 1-Chome, Oji, Kita-ku, Tokyo, Japan  
**Tsutsuji Hall, Floor 3, Hokutopia (the entrance is on floor 2)**

**3. Purpose of the Meeting:**

**Matters to be reported:**

1. The Business Report and the Consolidated Financial Statements for the 76th fiscal year (from April 1, 2023 to March 31, 2024), and the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee.
2. The Non-consolidated Financial Statements for the 76th fiscal year (from April 1, 2023 to March 31, 2024)

**Matters to be resolved:**

**<Company proposals>**

**Proposal 1** Appropriation of Surplus

**Proposal 2** Election of Six (6) Directors (Excluding Directors Who Are Members of the Audit and Supervisory Committee)

**<Shareholder proposals>**

**Proposal 3** Appropriation of Surplus

**Proposal 4** A Partial Amendment to the Articles of Incorporation (Individual Disclosure of Compensation for Directors [Excluding Outside Directors and Non-executive Directors])

The summaries of the shareholder proposals (Proposal 3 and Proposal 4) are provided in “Reference Documents for the General Meeting of Shareholders” (from page 13 to page 17) below.

**4. Matters to be Determined for Convocation (Information on Exercising Voting Rights)**

- (1) When exercising your voting rights in writing (by postal mail), if there is no indication of approval or disapproval of the proposal on the voting form, it will be treated as an indication of approval for the Company proposals and disapproval for the shareholder proposals.
- (2) If you exercise your voting rights more than once via the internet, etc., the last vote shall be deemed effective.
- (3) If you exercise the voting rights both in writing (by postal mail) and via the internet, etc., the contents of the voting rights exercised via the internet shall be deemed valid, irrespective of the date received.

- For those who will be in attendance, we would like to ask that you submit the voting rights form delivered herewith at the reception desk.
- If revisions to the matters subject to measures for electronic provision arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on the each of the aforementioned websites.
- For this general meeting of shareholders, we have delivered paper-based documents stating the matters subject to measures for electronic provision to all shareholders, regardless of whether or not they have requested the delivery of paper-based documents. Among the matters subject to measures for electronic provision, in accordance with the provisions of laws and regulations and Article 15 of the Articles of Incorporation of the Company, the following matters are not provided in the paper-based documents.
  - 1) “Consolidated Statement of Changes in Equity” and “Notes to the Consolidated Financial Statements” of the Consolidated Financial Statements
  - 2) “Statement of Changes in Equity” and “Notes to the Non-Consolidated Financial Statements” of the Non-Consolidated Financial Statements

Accordingly, the Consolidated Financial Statements and Non-Consolidated Financial Statements described in these documents are part of the documents audited by the Accounting Auditor when preparing the accounting audit report and by the Audit and Supervisory Committee when preparing the audit report.

## Reference Documents for the General Meeting of Shareholders

### <Company proposals> (Proposal 1 and Proposal 2)

#### Proposal 1 Appropriation of Surplus

The Company regards striving to enhance the distribution of profits and the sustainable growth of corporate value as one of the important management issues, while aggressively investing for the achievement of the mid- to long term growth strategy, and maintaining financial soundness.

Regarding dividends, the Company has set a basic policy of continuing the stable provision of dividends, with the goal of maintaining a consolidated dividend on equity ratio (DOE) of 2.5% or more and the aim of further improving the return of profits. Furthermore, the Company's basic policy includes the consideration of increasing dividends through improved performance and the achievement of management targets.

According to this dividend policy, in order to set the annual dividends for this term to ¥82 per share to obtain a consolidated DOE of 2.5% or more, the Company proposes to set the year-end dividends for the 76th term to ¥42 per share.

Through this action, together with the previous payment of interim dividends of ¥40 per share, this results in an annual dividend of ¥82 per share.

- (1) Type of dividend property  
Cash
- (2) Allotment of dividend property and the total amount  
Dividend per common share of the Company: ¥42  
Total dividend amount: ¥890,046,570
- (3) Effective date of dividend of surplus  
June 26, 2024
- (4) Starting date of dividend payments  
July 17, 2024

**Proposal 2** Election of Six (6) Directors (Excluding Directors Who Are Members of the Audit and Supervisory Committee)

The terms of office of all six (6) Directors (excluding Directors who are Members of the Audit and Supervisory Committee; applicable to the rest of this proposal) will expire at the conclusion of this Ordinary General Meeting of Shareholders.

Therefore, the Company proposes the election of six (6) Directors.

Moreover, the Audit and Supervisory Committee has provided its opinion that it has determined that the appointment of each of the candidates as Directors is appropriate given the expectation that the Board of Directors will improve corporate value.

Candidates for Director are as follows:

Candidate No.	Name	Current Position and Responsibilities at the Company	Candidate Attributes
1	Hirohiko Hirono	President and Representative Director Executive General Manager, Sales Division Member of the Nomination and Compensation Committee	Reelection
2	Yuichi Nagai	Director Executive General Manager, Production Division, General Manager, Production Management Department and General Manager, Production Engineering Department	Reelection
3	Masaru Noritake	Director In charge of General Affairs and Financial and Accounting Affairs and General Manager, General Affairs Department	Reelection
4	Kenichi Hoshi	Director Executive General Manager, Overseas Production Division	Reelection
5	Hiroshi Kaneda	Managing Executive Officer Deputy Executive General Manager, Sales Division and General Manager, Digital Strategy Department	New election
6	Hirofumi Kurahashi	Outside Director Member of the Nomination and Compensation Committee	Reelection Outside Independent

Reelection

Candidate for Reelection as Directors

New election

Candidate for Election as New Directors

Outside

Candidate for Outside Director

Independent

Independent officer pursuant to stock exchange rules

Candidate No.	Name (Date of birth)	Career summary, Position and Responsibilities in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Hirohiko Hirono (March 23, 1970) <u>Reelection</u>	<p>Mar. 1992      Joined the Company</p> <p>Feb. 2010      Tokyo Branch Manager, Houseware Sales Department of the Company</p> <p>Feb. 2013      General Manager and Tokyo Branch Manager, Houseware Sales Department</p> <p>Jun. 2015      Corporate Officer and General Manager, Houseware Sales Department</p> <p>Jun. 2016      Corporate Officer and Executive General Manager, Houseware Sales Division and General Manager, Sales Promotion Department</p> <p>Oct. 2017      Corporate Officer and Executive General Manager, Houseware Sales Division and General Manager, Product Development Department</p> <p>Nov. 2018      Corporate Officer and General Manager, Product Development Department</p> <p>Jun. 2020      President and Representative Director (current position) Executive General Manager, Sales Division (current position) President and Representative Director of TENMA Asean Holdings Co., Ltd. (current position)</p> <p>(Significant concurrent positions outside the Company) President and Representative Director of TENMA Asean Holdings Co., Ltd.</p>	23,581 shares (Includes number of shares to be executed based on Share-based remuneration plan for Officers)
<p>Reasons for nomination as candidate for Director</p> <p>Mr. Hirono has been engaged in sales at the Company for many years and has abundant experience and specialist knowledge in the overall business from materials procurement to manufacturing and sales. From June 2015, he contributed to the expansion of earnings mainly in the houseware business as a Corporate Officer. Since June 2020, he has been striving to contribute to the improvement of the corporate value of the Company as the President and Representative Director of the Company. In the expectation that he will focus on promoting sustainable management based on the Company's "materiality" in the Fourth Medium-term Management Plan, and continue to contribute to the improvement of the corporate value of the Company, the Company proposes him as a candidate for Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, Position and Responsibilities in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
2	<p style="text-align: center;">Yuichi Nagai (April 20, 1970) <u>Reelection</u></p>	<p>Apr. 1993      Joined the Company</p> <p>Apr. 2013      General Manager, Sales Promotion Department of the Company</p> <p>Sep. 2014      General Manager, Sales Promotion Department and Product Development Department</p> <p>Jun. 2016      Corporate Officer and General Manager, Product Development Department</p> <p>Oct. 2017      Corporate Officer and General Manager, Sales Promotion Department</p> <p>Jun. 2020      Director and Executive General Manager, Production Division</p> <p>Feb. 2021      Director and Executive General Manager, Production Division, in charge of Financial and Accounting Department</p> <p>Jun. 2021      Director and Executive General Manager, Production Division</p> <p>Jan. 2022      Director and Executive General Manager, Production Division and General Manager, Production Management Department</p> <p>Jul. 2023      Director and Executive General Manager, Production Division, General Manager, Production Management Department and General Manager, Production Engineering Department (current position)</p> <p>(Significant concurrent positions outside the Company) Not applicable</p>	<p style="text-align: center;">9,301 shares (Includes number of shares to be executed based on Share-based remuneration plan for Officers)</p>
<p>Reasons for nomination as candidate for Director</p> <p>Mr. Nagai has a wealth of experience and specialized knowledge gained through many years of engaging in a wide range of business divisions, mainly in the development and sales promotion. From June 2016, he contributed mainly to the greater earnings performance of the development and sales promotion sectors as a Corporate Officer. Since June 2020, as the Director who executes the operations of the Company and Executive General Manager of the Production Division, he has been working to improve productivity of the Company by implementing projects for automation and labor savings at production sites and projects to improve logistics operations and systems, and by proposing and implementing reviews of purchasing routes for cost reduction and stable supply of raw materials. In the expectation that he will play a key role in the Fourth Medium-term Management Plan by resolving issues in related departments at the headquarters and in respective factories, and continue to contribute to the improvement of the corporate value of the Company, the Company proposes him as a candidate for Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, Position and Responsibilities in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
3	Masaru Noritake (July 4, 1964) <u>Reelection</u>	<p>Apr. 1988      Joined The Sumitomo Bank, Ltd. (currently Sumitomo Mitsui Banking Corporation (SMBC))</p> <p>Apr. 2013      Seconded to Japan Pension Navigator Co., Ltd. (J-PEC); Director and Executive Officer and General Manager, Planning Department of J-PEC</p> <p>Apr. 2016      Assistant General Manager, Corporate Employees Business Department of SMBC</p> <p>Apr. 2017      Part-time Statutory Auditor of J-PEC</p> <p>Apr. 2019      Principal Examiner, Internal Audit Department of SMBC</p> <p>Dec. 2019      Seconded to the Company; Deputy General Manager, General Affairs Department of the Company</p> <p>Dec. 2020      Joined the Company; General Manager, General Affairs Department of the Company</p> <p>May 2021      Corporate Officer in charge of General Affairs and Financial and Accounting Affairs and General Manager, General Affairs Department</p> <p>Jun. 2021      Director in charge of General Affairs and Financial and Accounting Affairs and General Manager, General Affairs Department (current position)</p> <p>(Significant concurrent positions outside the Company) Not applicable</p>	4,805 shares (Includes number of shares to be executed based on Share-based remuneration plan for Officers)
<p>Reasons for nomination as candidate for Director</p> <p>Mr. Noritake has many years of practical experience in financial institutions, has abundant experience and specialist knowledge in financial management and finance/securities attained through loan/credit businesses to companies. From December 2019, he played a key role in management at the General Affairs Department of the Company. Since June 2021, he has been contributing to the decisions, etc. of important issues, by utilizing deep understanding of the contents, characteristics, problems, etc. of businesses in addition to his abundant experience and specialist knowledge in financial management and finance/securities as the Director who executes the operations of the Company in charge of General Affairs and Financial and Accounting Affairs. In the expectation that he will utilize his experience and specialist knowledge on management issues that were identified, including maintaining and strengthening the corporate governance structure and creating a safe and secure workplace environment in the Fourth Medium-term Management Plan, and continue to contribute to the improvement of the corporate value of the Company, the Company proposes him as a candidate for Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, Position and Responsibilities in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
	Kenichi Hoshi (April 10, 1967) <u>Reelection</u>	Mar. 1986      Joined the Company Nov. 2014      Factory Manager, Shiga Factory of the Company May 2021      Executive General Manager, Overseas Production Division Jun. 2021      Director and Executive General Manager, Overseas Production Division (current position) May 2023      President, TENMA (THAILAND) CO., LTD. (current position) (Significant concurrent positions outside the Company) President, TENMA (THAILAND) CO., LTD.	4,550 shares (Includes number of shares to be executed based on Share-based remuneration plan for Officers)
4	<p>Reasons for nomination as candidate for Director</p> <p>Mr. Hoshi has abundant experience and specialist knowledge regarding a wide range of products attained through serving at the Shin-Shirakawa Factory and Shiga Factory for many years, being in charge of production, planning, quality assurance and production control. From November 2014, he contributed to the improvement of further productivity by executing improvement of productivity and workplace culture reform, such as driving automation of the domestic factories along with restoring profitability of Shiga Factory's operating income which was in a deficit for two consecutive financial years as Factory Manager of Shiga Factory. In January 2021, he contributed to improvement of productivity and of profitability by introducing an automatic assembling system by utilizing a human collaborative robot which is advanced in Japan, etc. Since June 2021, as the Director who executes the operations of the Company and Executive General Manager, Overseas Production Division, he has overseen our overseas production bases and been striving for improvement of productivity and enhancement of business performance. He has also utilized his deep understanding of the contents, characteristics, problems, etc. of businesses, attained through his service over many years, and experience and specialist knowledge at production sites. In the expectation that he will continue to contribute to the improvement of the corporate value of the Company, the Company proposes him as a candidate for Director.</p>		



Candidate No.	Name (Date of birth)	Career summary, Position and Responsibilities in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
5	<p style="text-align: center;">Hiroshi Kaneda (September 1, 1977) <b>New election</b></p>	<p>Feb. 2006 Representative Director, Spinshell, Inc. (current position)</p> <p>Apr. 2010 Advisor, FON Japan Co., Ltd.</p> <p>Jun. 2013 Executive Officer and Chief Information Officer</p> <p>Oct. 2014 Representative Director and Chief Executive Officer</p> <p>Nov. 2017 Joined the Company; General Manager, General Affairs Department at the Company</p> <p>Apr. 2018 Managing Executive Officer, and General Manager, New Business Development Office</p> <p>Aug. 2018 Representative Director, FHL Holdings Inc. (current position)</p> <p>Jun. 2019 Managing Director, in charge of General Affairs Department and Investor Relations, and General Manager, New Business Development Office of the Company</p> <p>Nov. 2019 Managing Director, in charge of Investor Relations, General Manager, New Business Development Office, and General Manager, General Affairs Department</p> <p>Jun. 2020 Managing Executive Officer, General Manager, General Affairs Department and General Manager, Digital Strategy Office</p> <p>Mar. 2021 Representative Director, K.K.Kaneda Kousan (current position)</p> <p>Apr. 2021 Managing Executive Officer, General Manager, Digital Strategy Office of the Company</p> <p>Jul. 2023 Managing Executive Officer, Deputy Executive General Manager, Sales Division and General Manager, Digital Strategy Department (current position)</p> <p>(Significant concurrent positions outside the Company) Representative Director, Spinshell, Inc., Representative Director, FHL Holdings Inc., Representative Director, K.K.Kaneda Kousan</p>	<p style="text-align: center;">307,592 shares (Includes number of shares to be executed based on Share-based remuneration plan for Officers)</p>
<p>Reasons for nomination as candidate for Director</p> <p>Mr. Kaneda has many years of experience as a company manager and abundant experience and specialist knowledge attained through his involvement in the development of new business. As Managing Director in charge of General Affairs Department and Investor Relations since June 2019, he has a broad overview of the Company's business segments. Since June 2020, as General Manager of the Digital Strategy Office, he has been working on DX reforms. In addition, since July 2023, as Deputy Executive General Manager of the Sales Division, he has been involved in product development for the Company's own product business, our EC business, and our overseas business strategy. In the expectation that he will engage in the management of the Company by utilizing his experience and specialist knowledge and contribute to the improvement of the corporate value of the Company, the Company proposes him as a candidate for Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, Position and Responsibilities in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
6	Hirofumi Kurahashi (August 5, 1977) <u>Reelection</u> <u>Outside</u> <u>Independent</u>	Oct. 2002 Registered as an attorney-at-law (Dai-Ichi Tokyo Bar Association) Nov. 2002 Joined Harada, Ozaki, and Hattori Law Office Aug. 2006 Financial Services Agency Inspection Bureau General Affairs Division (Specialist Inspector) Aug. 2008 Securities and Exchange Surveillance Commission Executive Bureau Securities Business Monitoring Division (Specialist Inspector) Aug. 2010 Joined LM Law Office Jan. 2013 Partner of Hokuto Law Office (current position) Jun. 2020 Outside Director of the Company (current position) (Significant concurrent positions outside the Company) Partner of Hokuto Law Office	300 shares
<p>Reasons for nomination as candidate for outside director and outline of expected role</p> <p>Although Mr. Kurahashi has not been involved in the management of a company except as an outside officer, he has abundant experience and specialist knowledge as a corporate legal expert and lawyer. Since June 2020, he has been delivering honest opinions which contribute to the improvement of the corporate value of the Company from a perspective of mainly governance/compliance by utilizing his experience as a lawyer in Board of Directors Meetings as an Independent Outside Director. Since April 2021, he has been holding the position as a member of the Nomination and Compensation Committee. He has been understanding of the description of businesses, features, problems, etc., attained through performance of his duties as an Independent Outside Director for about four years since June 2020. By utilizing his abundant experience and highly specialized knowledge, we expect he will continue to contribute to the improvement and transparency of the governance function of the Company from an independent position outside the management team, therefore, the Company proposes him as a candidate for Outside Director.</p>			

- Notes:
1. Mr. Kaneda is the Representative Director of Spinshell, Inc., and the Company has entered into an outsourcing agreement with the said company. There is no special interest between any other candidates and the Company.
  2. Mr. Kurahashi is a candidate for Outside Director.
  3. Mr. Kurahashi is currently an Outside Director who is not a member of the Audit and Supervisory Committee of the Company, and at the conclusion of this meeting, his term of office as Outside Director who is not a member of the Audit and Supervisory Committee will have been four (4) years.
  4. The Company has designated Mr. Kurahashi as an independent director stipulated by the Tokyo Stock Exchange, and has registered him as such at the Exchange. If approval is granted for the reappointment of Mr. Kurahashi, the Company intends to designate him as an independent director.
  5. The Company entered into an agreement with Mr. Kurahashi pursuant to Article 427, Paragraph 1 of the Companies Act to limit liability for damages under Article 423, Paragraph 1 of the Companies Act. The liability limits for damages pursuant to this agreement are the minimum amount of liability stipulated by laws and regulations. If approval is granted for the reappointment of Mr. Kurahashi, the Company intends to renew the said agreement with him.
  6. The Company entered into an indemnity agreement as stipulated in Article 430-2, Paragraph 1 of the Companies Act with Mr. Hirono, Mr. Nagai, Mr. Noritake, Mr. Hoshi, and Mr. Kurahashi. The agreement is designed to indemnify the expense defined in 1 of the said Paragraph and the loss defined in 2 of the said Paragraph to the extent stipulated in the Companies Act. If approval is granted for the reappointment of each candidate, the Company intends to renew the said agreement with them. Also, if approval is granted for the appointment of Mr. Kaneda, the Company plans to enter into the said agreement with him.
  7. The Company has entered into a directors and officers liability insurance (D&O insurance) agreement with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. This agreement is designed to cover the claim for damage and dispute costs, etc. (excluding the immunity reasons stipulated in insurance policies) that arises from the Directors, etc., caused by their execution of duties during the term of insurance. In addition, as measures to prevent undermining the appropriateness of insured person's execution of duties, this agreement includes certain disclaimers such as precluding indemnification against damages attributable to intentional misconduct including decisions made knowingly of illegality, etc. Directors and Corporate Officers of the Company and domestic and international subsidiaries will be an insured party under the insurance agreement. The Company intends to renew the agreement with the same contents in January 2025. If approval is granted for the appointment of each candidate, they will be subsequently included in the insurance agreement said above.
  8. Among the candidates, the indicated number of the Company's shares owned by Mr. Hirono, Mr. Nagai, Mr. Noritake, Mr. Hoshi, and Mr. Kaneda includes the number of shares to be executed at retirement of Directors (as of March 31, 2024) based on the Share-based remuneration plan for officers.
  9. Mr. Kurahashi is a substitute member of the Audit and Supervisory Committee who has been elected in accordance with Article 329, Paragraph 3 of the Companies Act. The resolution for this election shall be effective until the beginning of the 76th Ordinary General Meeting of Shareholders to be held in June 2024.

(Reference) Structure and skills matrix of officers if Proposal 2 is approved

The composition of the Board of Directors and the Audit and Supervisory Committee and the expertise of each Director and Audit and Supervisory Committee Member if Proposal 2 is approved are as follows.

The following table is not intended to indicate all of the knowledge and experience possessed by each Director and Audit and Supervisory Committee Member, but rather to indicate the skills that are considered representative.

			Independence (Outside)	Experience and expertise		
				Corporate Management	Manufacturing and Technology	Planning, sales, and research and development
Directors who are not Audit and Supervisory Committee Members	<b>Hirohiko Hirono</b>			●		●
	<b>Yuichi Nagai</b>			●	●	●
	<b>Masaru Noritake</b>			●		
	<b>Kenichi Hoshi</b>			●	●	●
	<b>Hiroshi Kaneda</b>			●		●
	<b>Hirofumi Kurahashi</b>	Outside Independent Director	●			
Directors who are Audit and Supervisory Committee Members	<b>Kazuhiko Hara</b>					
	<b>Hiroataka Goto</b>	Outside Independent Director	●	●		●
	<b>Miyo Nishida (Female)</b>	Outside Independent Director	●			
	<b>Shoji Matsuyama</b>	Outside Independent Director	●			

			Experience and expertise				
			Finance and accounting	Legal affairs and compliance	Global experiences	Finance and securities	IT and digital
Directors who are not Audit and Supervisory Committee Members	<b>Hirohiko Hirono</b>				●		
	<b>Yuichi Nagai</b>						
	<b>Masaru Noritake</b>		●	●		●	
	<b>Kenichi Hoshi</b>						
	<b>Hiroshi Kaneda</b>				●		●
	<b>Hirofumi Kurahashi</b>	Outside Independent Director		●		●	
Directors who are Audit and Supervisory Committee Members	<b>Kazuhiko Hara</b>		●	●			
	<b>Hiroataka Goto</b>	Outside Independent Director			●		
	<b>Miyo Nishida (Female)</b>	Outside Independent Director		●			
	<b>Shoji Matsuyama</b>	Outside Independent Director	●				

## <Shareholder proposals> (Proposal 3 and Proposal 4)

Proposal 3 and Proposal 4 are made by LIM Japan Event Master Fund as a shareholder of the Company who has 300 voting rights.

The Board of Directors of the Company opposes the shareholder proposals.

We have included the original of the summaries of the proposals and the reasons for the proposals submitted by the shareholder as a requester, and also include the opinion of the Board of Directors of the Company with respect to the shareholder proposal.

### **Proposal 3** Appropriation of Surplus

#### (1) Outline of the proposal

Appropriation of surplus shall be as follows:

This proposal is to be additionally presented at the Ordinary General Meeting of Shareholders, regardless of any proposal made by the Company's Board of Directors regarding the appropriation of surplus at the same meeting, if any.

##### (i) Type of dividend property

Cash

##### (ii) Dividend per share

A total of 98 yen per share of common stock of the Company, less the amount of dividends from surplus per share of common stock of the Company proposed by the Board of Directors and approved by this Ordinary General Meeting of Shareholders (98 yen if the Board of Directors does not propose the appropriation of surplus at this Ordinary General Meeting of Shareholders)

##### (iii) Matters concerning the allocation of dividend property and the total amount thereof

Dividend per share of the Company's common stock as stated in (ii) above. (The total dividend amount is calculated by multiplying the dividend per share by the total number of shares of common stock (excluding treasury stock) issued and outstanding as of March 31, 2024.)

##### (iv) Effective date of the dividend from surplus

The date of this Ordinary General Meeting of Shareholders

##### (v) Commencement date of dividend payment

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

#### (2) Reasons for the proposal

Since 1997, the Price-to-Book Ratio (PBR) of our Company's stock has remained below the dissolution value of 1, and as of April 10, 2024, it is less than 0.6. This is due to the Company's inability to deviate from its original corporate culture of hoarding cash reserves and deposits and continues to accumulate internal reserves even today when the company's creditworthiness has improved with its IPO. At the end of December 2023, the Company's equity ratio stood at a high level of 79%, highlighting the necessity for improving capital efficiency. The main reason for the low capital efficiency is the Company's accumulated cash and deposits. The Company has not only approximately 26 billion yen in consolidated net cash (cash and deposits minus borrowings) as of December 31, 2023, but also approximately 4 billion yen in listed stocks (as of March 31, 2023). These net assets under management, which do not contribute to the core business, total approximately 30 billion yen, almost two-thirds of the company's market capitalization as of April 10, 2024.

The accumulated cash inflow has excessively inflated shareholder equity, leading to an increase in the cost of equity. Considering the risk of continued impairment of shareholder value due to the further expansion of shareholder equity and prolonged PBR below 1, fundamentally returning capital to shareholders is essential to break the vicious cycle of worsening capital efficiency and will contribute to the protection of minority shareholders.

The *Discussion Paper of the Follow-up Meeting on the Review of Market Classification*, released by the Tokyo Stock Exchange on January 30, 2023, states that "In Japan, there are many cases where management is not aware of the cost of capital and stock prices, and it is necessary to reform management awareness, improve literacy, and increase autonomy in corporate management." However, the Company's management has allowed its accumulated cash to leave its return on equity (ROE) below its cost of equity. The Company has introduced a dividend on equity (DOE) ratio of 2.5%, but this is inadequate in light of the prolonged PBR slump.

Therefore, a dividend payout ratio of at least 100% is required, and as stated in (1) above, we propose to pay a dividend to shareholders of 98 yen per share, which is equivalent to the net income per share in our earnings forecast for the fiscal year ended March 31, 2024, or 138 yen per share, minus an interim dividend of 40 yen per share. The proposed dividend per share is equivalent to a DOE of approximately 3.5% on a full-year equivalent basis, which is below the Company's estimated cost of equity, and thus below the 10-year U.S. Treasury bond yield, which is in the mid-4% range at the international risk-free rate.

### **Opinion of the Board of Directors of the Company regarding the Shareholder Proposal (Proposal 3) (Opinion Against)**

The Board of Directors is against this shareholder proposal (Proposal 3). The overview of the reasons that led to an opinion against is as follows:

#### **Reasons for opposition**

The Company recognizes the status of capital efficiency of the Company in a timely manner as an important management indicator and considers the strengthening of profit distribution to be one of its important measures.

As announced in the "Announcement concerning change in dividend policy and revision of dividend forecast (dividend increase)" dated February 8, 2019, and "Announcement concerning our approach to enhancement of corporate value" dated August 7, 2020, the Company has decided and implemented a dividend policy of setting the consolidated dividend on equity ratio (DOE) at 2.5% or more. In addition, to strengthen its capital policy, the Company has set a long-term goal of acquiring treasury stock in the amount of 10 billion yen in total and has been implementing share repurchases on an ongoing basis. As a result of these measures, the Company's average total payout ratio for the past three years has been high, exceeding 100%.

The Company will continue to position the enhancement of profit distribution as one of our management issues. With regard to the dividends from surplus, we plan to adhere to the basic policy of implementing continuous and stable dividends, aiming to achieve efficient capital allocation by striking an optimal balance between securing funds for business continuity Investment leading to sustainable growth and the return of profits to shareholders.

In the proposal for appropriation of surplus to be proposed by the Company at this Ordinary General Meeting of Shareholders, the Company proposes a year-end dividend of 42 yen per share for the fiscal year ending March 31, 2024. If this proposal is approved, the dividend per share for the full year of FY 2024 will be 82 yen, which will allow us to pay a stable dividend, achieving the consolidated dividend on equity ratio (DOE) of 2.5% or more, which we have set as our dividend policy, while securing funds for business continuity Investment leading to sustainable growth.

On the other hand, this proposal proposes the appropriation of surplus in the amount of 98 yen per share for the year-end dividend for the fiscal year ended March 31, 2024, for a total amount of approximately 2.1 billion yen. We believe that such a proposal calls for the payment of excessive dividends without consideration for the business environment surrounding the Company and the need to secure cash reserves based on investment strategies and is not consistent with the Company's policy, which is based on the continuous and stable payment of dividends from a surplus, and in turn, does not lead to medium- to long-term improvements in corporate value and the common interests of shareholders.

**Proposal 4** A Partial Amendment to the Articles of Incorporation (Individual Disclosure of Compensation for Directors [Excluding Outside Directors and Non-executive Directors])

(1) Outline of the proposal

The following articles are newly established in the Articles of Incorporation of the Company, and each of the articles after Article 26 of the current Articles of Incorporation shall be moved down by one (1) article. In the event that formal adjustments (including, but not limited to, the correction of misplaced article numbers) are required to the articles listed as this proposal due to the approval of other proposals (including, but not limited to, proposals by the Company) at this Ordinary General Meeting of Shareholders, the articles pertaining to this proposal shall be read as the articles after the necessary adjustments have been made.

(Underlines indicate changes.)

Current Articles of Incorporation	Proposed Amendments
(New)	<p><u>(Individual Disclosure of Compensation (excluding Outside Directors and Non-Executive Directors) for Directors)</u></p> <p><u>Article 26 The compensation for Directors (excluding Outside Directors and Non-executive Directors) shall be disclosed annually in the business report and securities report, including the individual compensation amount, details, and determination method.</u></p>

(2) Reasons for the proposal

The fact that the Company’s management has allowed capital efficiency to deteriorate over such a long period of time is a clear disregard for minority shareholders and raises corporate governance issues. Meanwhile, the individual compensation of the Directors shows how the Board of Directors assesses the challenges facing the Company and how this is reflected in the compensation of individual Directors and serves to identify the causes of the corporate governance and capital allocation issues.

Since our Company’s board of directors has overlooked the PBR falling below 1 and the ballooning of policy-held shares, it is unlikely that the management will take responsibility for improving corporate governance issues, enhancing capital efficiency, and protecting minority shareholders. Therefore, in order to create an environment in which shareholders can more proactively exercise oversight, we propose that the Company establish a provision in its Articles of Incorporation that would require the Company to disclose individual Director compensation.

According to the Corporate Governance Report disclosed by the Company in April 2024, “Compensation for Directors (excluding Outside Directors and Non-executive Directors) who are not members of the Audit and Supervisory Committee shall consist of the following base compensation (cash compensation) and stock compensation (company stock compensation).” Base compensation is a fixed cash compensation, paid monthly in an amount determined by comprehensively taking into consideration the business results of the previous fiscal year, the responsibilities and contributions of each Director, and other factors, and, in principle, stock-based compensation is paid in the form of the Company’s stock or money equivalent to the market value of the Company’s stock in lieu of Company stock, in proportion to the cumulative number of fixed and performance-linked points granted to the Directors by the time they retire from the Company on a predetermined date each year in accordance with the Share Delivery Regulations established by the Board of Directors, through a trust set up by the Company with monetary contributions. However, since capital efficiency such as ROE is not included as an indicator, it is not possible to see how Directors’ incentives are linked to the interests of shareholders (especially the interests of minority shareholders) from the publicly disclosed materials.

Supplemental Principle 4-2 (i) of “Principle 4-2. Roles and Responsibilities of the Board of Directors (2)” in the Corporate Governance Code states that “The board should design management remuneration systems such that they operate as a healthy incentive to generate sustainable growth, and determine actual remuneration amounts appropriately through objective and transparent procedures. The proportion of management remuneration linked to mid- to long-term results and the balance of cash and stock should be set appropriately.” However, it is highly likely that the Company’s compensation system for Directors is not a system that contributes to the common interests of shareholders.

Therefore, in order to create an environment in which shareholders and the stock market can properly evaluate the performance of the Company’s management and the Company’s corporate governance issues, we propose

to establish a provision in the Articles of Incorporation that would require the Company to disclose the individual compensation of its Directors.

In “TSE’s Future Responses Based on the Discussion Paper” released by the Tokyo Stock Exchange on January 30, 2023, they “request that management and Boards of Directors accurately assess the Company’s cost of capital and return on capital, discuss the status of the Company’s cost of capital and the evaluation of its stock price and market capitalization, and if necessary, disclose the Company’s policies and specific initiatives for improvement and their progress, etc.” and also “strongly request that companies with a PBR of less than 1x on a continuous basis disclose such information.” The Company’s PBR has remained below 1 for nearly 30 years. Whether the recovery of PBR to 1 or higher serves as an incentive for the Directors highly depends on the policy and specific measures for improving PBR.

### **Opinion of the Board of Directors of the Company regarding the Shareholder Proposal (Proposal 4) (Opinion Against)**

The Board of Directors is against this shareholder proposal (Proposal 4). The overview of the reasons that led to an opinion against is as follows:

#### **Reasons for opposition**

Based on the proposal by the voluntary Nominating and Compensation Committee, which is composed of a majority of independent Outside Directors and chaired by an independent Outside Director, in order to ensure the independence and objectivity of the Board of Directors’ functions in the nomination and compensation of Directors and to fulfill the accountability of the Board of Directors, the Company has determined a policy for determining the compensation for each individual Director who is not a member of the Audit and Supervisory Committee, which is outlined below. The details of individual compensation for Directors who are not members of the Audit and Supervisory Committee are determined by the Board of Directors after the Nomination and Compensation Committee confirms that the details are in line with the relevant policy.

“Compensation for Directors (excluding Outside Directors and Non-executive Directors) who are not members of the Audit and Supervisory Committee”

Compensation for Directors (excluding Outside Directors and Non-executive Directors) who are not members of the Audit and Supervisory Committee consists of base compensation (cash compensation) and stock compensation (company stock compensation).

The ratio of base compensation (cash compensation) and stock compensation (company stock compensation) in an individual’s compensation determined to ensure that the individual’s compensation functions as an appropriate incentive as a whole.

All decisions on the content of individual compensation are made by the Board of Directors after deliberation within the scope approved by the resolution of the General Meeting of Shareholders. The draft is prepared by a voluntary Nominating and Compensation Committee (the majority of whose members are independent Outside Directors) and then reported to the Board of Directors.

As described above, the Company’s compensation system for Directors and the determination of the amount of compensation for each Director are designed with appropriate involvement by the Nominating and Compensation Committee to function as an incentive to improve the Company’s corporate value, which in turn contributes to the common interests of shareholders. It is also intended that the compensation will be linked to the interests of minority shareholders through the granting of an appropriate proportion of stock compensation (company stock compensation). In accordance with laws and regulations, the Company appropriately discloses in its business report, annual securities report, and corporate governance report for each fiscal year, the total amount of compensation, as well as the number of eligible officers for each officer category. However, as none of the Company’s Directors individually receive a total consolidated compensation exceeding 100 million yen, the Company refrains from disclosing individual compensation amounts in its annual securities reports, as mandated by laws and regulations.

The provision requiring disclosure of the amount of compensation for individual Director, as requested by the Proposing Shareholder, is not consistent with the Articles of Incorporation, which is a fundamental corporate code, and as the Company has established an appropriate system for determining compensation as described above, and



properly discloses compensation in accordance with laws and regulations, our Board of Directors does not deem it necessary to incorporate such a provision in the Articles of Incorporation.