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June 11, 2025

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Representative: Yoshiya Okada, Representative Director
President and Chief Executive Officer
(Code number: 8093; TSE Prime)
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Our View regarding ISS's Proxy Voting Recommendation

Institutional Shareholder Services Inc. (the "ISS"), a proxy advisory firm, has issued a report recommending a vote against "the Proposal No. 4 Revision of the Transfer Restriction Period under the Restricted Stock Compensation Plan for Directors (Excluding Outside Directors and Directors Serving as Audit and Supervisory Committee Members)" (the "Proposal") to be submitted to the 105th Annual General Meeting of Shareholders of Kyokuto Boeki Kaisha, Ltd. (the "Company") scheduled to be held on June 25, 2025.

We would like to present our views on ISS's recommendation to vote against the Proposal as set out below. We would appreciate it if our shareholders could review the Notice of Convention of the Ordinary General Meeting of Shareholders of the Company together with this release to be better informed about our proposal.

1. Reasons for ISS recommends a vote against the Proposal

ISS recommends a vote against the Proposal because the dilution ratio of 8.6% based on the Proposal exceeds the standard set by ISS.

(Original text) A vote AGAINST this proposal is warranted because : Total dilution from this plan and the company's other equity compensation plans reaches 8.6 percent, which appears excessive.

2. Our Views

The Proposal is not a proposal to introduce a new restricted stock compensation plan, but to change the transfer restriction period of the existing restricted stock compensation plan, and we believe the reasons for ISS's recommendation against the Proposal do not apply because the total number of shares with transfer restrictions to be granted will not change depending on whether the Proposal is approved or not.

In addition, revising the transfer restriction period from “three (3) years” to “the period from the date of allotment of the restricted stock until the date the Director loses all positions as a Director of the Company or in any other position as determined by the Board of Directors of the Company” by the Proposal will further strengthen the incentive for directors to continue enhancing the Company’s corporate value, further promote value sharing with shareholders, and contribute to enhancing shareholder value.