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February 13, 2026

Company name: Ezaki Glico Co., Ltd.
Name of representative: Katsuhisa Ezaki, Chairman
(Securities code: 2206; Tokyo Stock Exchange Prime Market)
Inquiries: Shinichi Takahashi, Senior Corporate Officer, IR
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Notice Concerning Receipt of Letter Regarding Exercise of the Right of Shareholders to Make Proposals and Opinion of the Board of Directors

The Company hereby announces that it has received a letter dated January 16, 2026 from LONGCHAMP SICAV (proxy: Dalton Investments, Inc.; hereinafter referred to as the "Proposing Shareholder"), a shareholder of the Company, regarding exercise of the right of shareholders to make a proposal at the 121st Annual General Shareholders Meeting to be held on March 24, 2026, and that, at a meeting of its Board of Directors held today, it resolved its opinion on the shareholder proposal (hereinafter referred to as the "Shareholder Proposal") as follows.

Details

1. Proposing Shareholder
   Name of shareholder: LONGCHAMP SICAV (proxy: Dalton Investments, Inc.)

2. Contents of the Shareholder Proposal
   (1) Agenda
      (1) Election of Two Directors
      (2) Acquisition of Treasury Stock
      (3) Approval of Amount of Remuneration for Restricted Stock Compensation Plan
      (4) Amendment to the Articles of Incorporation Pertaining to Actions Aimed at Realizing Management Mindful of Capital Cost and Share Price
   (2) Summary of Proposal and Reason for Proposal
      As described in the attached "Contents of the Shareholder Proposal".
      The attached "Contents of the Shareholder Proposal" is the original text of the Shareholder Proposal submitted by the Proposing Shareholder

3. Opinion of the Board of Directors on the Shareholder Proposal
   Agenda Item 1 Election of Two Directors
   (1) Opinion of the Board of Directors of the Company
      The Board of Directors is against this proposal.

   (2) Reasons for opposition
      The Company's Board of Directors has given careful consideration to the Shareholder Proposal in light of the deliberations and recommendations of the Nomination and Compensation Committee, which is composed of a majority of independent Outside Directors and is chaired by an independent Outside Director. As a result, for the following reasons, we have determined that the Shareholder Proposal is not appropriate from the perspectives of improving medium- to long-term corporate value for the Company and ensuring the common interests of shareholders, and have resolved to oppose it.

      (1) Company's Board of Directors composed from the perspective of improving medium- to long-term corporate value
         As the second step in its long-term strategy, which was formulated to realize its Purpose ("Healthier days, Wellbeing for life") and Vision (what we aim to deliver: Through the creative development of

high-quality ingredients, the Glico Group provides ‘Great Taste and Good Health’ for people to live satisfying lives.), the Group announced the Mid-Term Management Plan (FY2025–FY2027) on February 13, 2025.

As part of this mid-term management plan, which aims to contribute to the wellbeing of one billion people globally through realization of the Company’s Purpose, we aim to achieve an ROE target of 6–8% by accelerating value creation with a focus on business strategy, R&D strategy, human resources strategy, and overall strategy. Furthermore, in addition to managing earnings by introducing ROIC by business, we are implementing initiatives for improving medium- to long-term corporate value by utilizing the growth investment line and implementing shareholder returns flexibly.

When selecting candidates for the position of Outside Director of the Company, the Nomination and Compensation Committee, which is composed of a majority of independent Outside Directors and is chaired by an independent Outside Director, carefully discusses the overall skill balance and diversity of the Board of Directors, in addition to the qualities required of Outside Directors, from the perspectives of improving medium- to long-term corporate value and ensuring the common interests of shareholders by realizing the Purpose, Vision, long-term strategy, and mid-term management plan of the Company. In terms of the qualities required of Outside Directors of the Company, we emphasize expertise and experience in corporate management and management strategy, value chains, IT and digital, overseas business and international business, human resources and talent development, finance and accounting, legal, compliance, and risk management, and knowledge in other areas of specialization.

On the other hand, in correspondence with the Company, the Proposing Shareholder has mentioned “abundant practical experience in investment and financing, corporate management, capital markets, and corporate governance” as the expertise possessed by the shareholder-proposed candidates. However, the Company’s Board of Directors has determined that the composition of Board of Director candidates that the Company plans to propose at the 121st Annual General Shareholders Meeting, to be held on March 24, 2026, is appropriate from the perspectives of skill balance and diversity.

Nevertheless, in response to changes in management policy and the business environment, we will continue to consider the composition of the Board of Directors in light of deliberations of the Nomination and Compensation Committee and from the perspectives of improving medium- to long-term corporate value and ensuring the common interests of shareholders.

(2) Concerns about a conflict of interest with general shareholders, and the risk of impairing the maximization of corporate value for the Company and the common interests of shareholders

In previous dialogue and correspondence with the Proposing Shareholder, the Proposing Shareholder has asked the Company for measures that would mainly produce short-term share price increases, including acquisition of treasury stock of at least 40% of total outstanding shares cumulative over five years, and taking the Company private and implementing a management buyout (MBO) in collaboration with a private equity fund.

In addition, in relation to this MBO scheme proposed by the Proposing Shareholder, we note that it has mentioned rollover investment in recent correspondence and previous direct discussions with the Company. In light of past investment activities of the Proposing Shareholder, it seems highly probable that its transactions are based on the assumption of rollover investment, which risks creating a significant conflict of interest with general shareholders during the process of setting conditions and pricing for the MBO.

We also note that in the Nikkei newspaper dated January 27, 2026, James B. Rosenwald III, Chief Investment Officer of the Proposing Shareholder, stated his aim of taking the Company private. Referring to Hogy Medical Co., Ltd., to which he was appointed as an Outside Director, Mr. Rosenwald, who is also one of the shareholder-proposed candidates, also stated his plans to acquire the Company through a private equity fund in the same way that Hogy Medical Co., Ltd. was made private via a takeover bid by the Carlyle Group. Also, he discussed an investment structure for potential acquisition of the Company by a private equity fund.

Given that the Shareholder Proposal proposes people related to the Proposing Shareholder as Outside Director candidates, we have strong suspicions that the purpose of this Shareholder Proposal is to steer the Company toward the specific option of taking the Company private.

The Company’s Board of Directors recognizes that the Shareholder Proposal is based on a timeline and assumptions that differ from the Company’s policy of aiming for medium- to long-term corporate value improvements in line with our Purpose, long-term strategy, and mid-term management plan, and it believes that this creates the risk of a conflict of interest with general shareholders.

(3) Concerns about the independence of shareholder-proposed candidates, and the risk of being unable to sufficiently guarantee the management supervisory function

When nominating Outside Director candidates, in addition to maintaining consistency with the previously mentioned measures to improve medium- to long-term corporate value, the Nomination and Compensation Committee, which is composed of a majority of independent Outside Directors and is chaired by an independent Outside Director, makes comprehensive judgments about whether independence can be maintained from a substantive perspective, while also referring to evaluation criteria for independent directors as defined by the Tokyo Stock Exchange.

Both Outside Director candidates proposed by the Proposing Shareholder are officers or employees of Dalton Investments Inc., which is a major shareholder of the Company (holding 10.27% of outstanding shares*). For this reason, we recognize that if we were to appoint these candidates as Outside Directors, it would create the risk of a conflict of interest with general shareholders of the Company as they would be in a position of representing the interests of a specific shareholder.

Outside Directors are required to be independent of specific shareholders or related persons, to objectively and neutrally supervise management's execution of duties, and to contribute to the improvement of corporate value and ensuring the common interests of shareholders. However, as explained above, we are concerned about whether the candidates, who have a close relationship with the Proposing Shareholder, would be able to sufficiently guarantee the substantive independence necessary for fulfilling these roles, and we have therefore determined that they are not appropriate for the role of Outside Director.

After comprehensive consideration of the above points, we recognize concerns that the Outside Director candidates proposed by the Proposing Shareholder, who has made the above requests, could impair the maximization of corporate value for the Company and the common interests of shareholders, and the Company's Board of Directors has therefore determined that they are not appropriate for the role of Outside Director.

The Board of Directors of the Company is therefore against this shareholder proposal.

*As per Amendment Report dated August 22, 2025

Agenda Item 2 Acquisition of Treasury Stock

(1) Opinion of the Board of Directors of the Company

The Board of Directors is against this proposal.

(2) Reasons for opposition

In its mid-term management plan (FY2025–FY2027) announced on February 13, 2025, the Company set itself the goals of accelerating growth investment, mainly overseas, and delivering stable and continuous shareholder returns, while also comprehensively designing its fund allocations to growth investment, ordinary investment, and shareholder returns.

Specifically, using cash on hand and operating cash flow to be generated during the term of the mid-term management plan, we are planning a balanced capital policy aimed at improving medium- to long-term corporate value and ensuring the common interests of shareholders, with a focus on ordinary investment necessary for business continuity, medium- to long-term growth investment that includes bolstering overseas production capacity, and shareholder returns with a dividend payout ratio of at least 45%.

After careful consideration of the impact on business performance of the chocolate product recall in FY2025, and previous discussions with institutional investors through IR/SR activities, the Company has decided to acquire up to 25 billion yen of treasury stock in FY2026, in addition to its original plan for shareholder returns, as per today's announced "Notice Concerning the Determination of Matters Related to the Acquisition of Treasury Stock," with the aim of strengthening shareholder returns from the perspectives of executing future mid-term management plans and improving capital efficiency.

The table below shows actual shareholder returns to date, with the full-year dividend for FY2025 being 95 yen per share (consolidated dividend payout ratio of 120.1%).

On the other hand, correspondence received from the Proposing Shareholder included a request for the Company to publicly commit to acquiring a minimum of 10% of its total outstanding shares as treasury stock every year over the next five years, thereby calling for the acquisition of treasury stock of at least 40% of total outstanding shares cumulative over five years. As part of that, this Shareholder Proposal calls for the acquisition of up to 6,360,000 shares as treasury stock, with a total acquisition price of up to 35 billion yen, within one year of the conclusion of this Annual General Shareholders Meeting, which forces the Company to conclude that the proposal is grounded in a short-term perspective.

It is believed that if this proposal were passed, it would significantly impair the balance between the

Company's growth investment, business operating funds, and shareholder returns, and also impair the medium- to long-term improvement of the Company's corporate value and the common interests of shareholders.
The Board of Directors of the Company is therefore against this shareholder proposal.

(Reference) Actual Shareholder Returns over Past Six Years and Planned Shareholder Returns for FY2026

	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026 (planned)
Annual dividends per share	65 yen	70 yen	80 yen	80 yen	90 yen	95 yen	95 yen
Amount of treasury stock acquired	-	-	4.99 billion yen	-	-	-	Up to 25 billion yen

Agenda Item 3 Approval of Amount of Remuneration for Restricted Stock Compensation Plan
(1) Opinion of the Board of Directors of the Company
The Board of Directors is against this proposal.

(2) Reasons for opposition
It is the company's basic policy that remuneration of the Company's Directors shall be linked to shareholder interests so that it fully functions as an incentive to sustainably increase corporate value. Furthermore, the Company determines the remuneration of individual directors by setting it at an appropriate level based on the responsibilities of each position. The Company also discusses what the optimal compensation system entails from the perspective of improving corporate value, including the balance of the remuneration structure, the level of remuneration, and the provision of incentives over the medium to long term, in light of deliberations of the Nomination and Compensation Committee, which is composed of a majority of independent Outside Directors and is chaired by an independent Outside Director.
By resolution of the 113th Annual General Shareholders Meeting held on June 28, 2018, the Company introduced a restricted stock compensation plan (post-hoc grant) for Directors (excluding Outside Directors) and Executive Officers with whom a contract of mandate was concluded (up to 150 million yen and up to 27,000 shares per year). The purpose of the plan was to achieve further value-sharing with shareholders and sustainably improve the Company's corporate value over the medium to long term.
To further share value with relevant Directors, Executive Officers, and shareholders, the Company now plans to submit a company proposal (titled "Revision of Amounts of Remuneration Related to the Restricted Stock Compensation Plan (Post-Hoc Grant) for Company Directors") at the 121st Annual General Shareholders Meeting to be held on March 24, 2026, to lift the value of the restricted stock compensation plan (post-hoc grant) to up to 300 million yen per year. The Company's existing remuneration system is designed so that when the maximum amount of stock-based compensation is granted, stock-based compensation comes to approximately 50% of the total remuneration of the relevant Directors and Executive Officers.
In addition, the Company introduced a restricted stock compensation plan for Group employees from FY2024. The aim is to unite not only management but the whole Group to realize Glico's Purpose and improve corporate value, and to raise awareness for the share price and further promote value-sharing with shareholders.
In this way, the Company proposes a necessary and sufficient incentive compensation system.
The Board of Directors of the Company is therefore against this shareholder proposal.

Agenda Item 4 Amendment to the Articles of Incorporation Pertaining to Actions Aimed at Realizing Management Mindful of Capital Cost and Share Price
(1) Opinion of the Board of Directors of the Company
The Board of Directors is against this proposal.

(2) Reasons for opposition
The Shareholder Proposal calls for the establishment of additional provisions, in the Company's Articles of Incorporation, pertaining to "Action to Implement Management that is Conscious of Cost of Capital and Stock Price" as requested by the Tokyo Stock Exchange. However, the Company's Board of Directors believes that this is not an appropriate matter to be stipulated in the Articles of Incorporation, which are the

fundamental rules of a company.

Regarding the “Action to Implement Management that is Conscious of Cost of Capital and Stock Price” as requested by the Tokyo Stock Exchange, the Company has presented an analysis of its current market value and profitability of capital, and has set the goal of “accelerating the generation of profit through value creation and aiming to achieve an ROE of 6–8%,” in its mid-term management plan (FY2025–FY2027) announced on February 13, 2025. In addition to achieving sales growth and profit improvement through increasing value-creation and value-enhancement projects, we will also utilize the growth investment line and implement shareholder returns flexibly to achieve our ROE target.

We also assess the cost of capital in the Group at 4–6% and will aim to maximize the medium- to long-term improvement of corporate value and the common interests of shareholders by ensuring profitability that exceeds the cost of capital while continuing to engage in constructive dialogue with the stock market. As part of these efforts, the Company plans to acquire up to 25 billion yen of treasury stock in FY2026, as per today’s announced “Notice Concerning the Determination of Matters Related to the Acquisition of Treasury Stock,” and submit a remuneration proposal at the 121st Annual General Shareholders Meeting to be held on March 24, 2026, to lift the value of the restricted stock compensation plan (post-hoc grant) for relevant Directors and Executive Officers to up to 300 million yen per year. The Company will aim for management that contributes to the medium- to long-term improvement of corporate value and the common interests of shareholders by achieving profitability that exceeds the cost of capital through the implementation of various measures during the term of the mid-term management plan.

As stated above, the Group is diligently promoting initiatives with respect to “Action to Implement Management that is Conscious of Cost of Capital and Stock Price.” On the other hand, we believe that flexibly reviewing details and methods of those initiatives is essential for responding to changes in the operating environment and business strategies, but including these proposed matters in the Articles of Incorporation, which are the fundamental rules of a company, poses the risk of making the matters themselves the objective, thereby impairing the flexibility and effectiveness of management.

The Board of Directors of the Company is therefore against this shareholder proposal.

(Reference) Notice Concerning Formulation of the New Mid-Term Management Plan <FY2025-2027>
https://www.glico.com/global/ir/library/plan/
Financial_Results_FYE_December2025_Full_year
https://www.glico.com/global/ir/library/presentation/
Notice Concerning the Determination of Matters Related to the Acquisition of Treasury Stock
https://www.glico.com/global/ir/library/disclosure/

End

(Attachment "Contents of the Shareholder Proposal")
*The relevant statements in the Shareholder Proposal submitted by the Proposing Shareholder are posted in the original text.

No.1 Proposing Agenda
1 Election of Two Directors
2 Acquisition of Treasury Stock
3 Approval of Amount of Remuneration for Restricted Stock Compensation Plan
4 Amendment to the Articles of Incorporation Pertaining to Actions Aimed at Realizing Management Mindful of Capital Cost and Share Price

No.2 Summary of Proposal and Reason for Proposal

1 Election of Two Directors
(1) Summary of Proposal
This shareholder proposal proposes that the following two individuals be elected as Directors:
1. James B. Rosenwald III
2. Junichiro Sano

(2) Reason for Proposal
Although considerable time has passed since the Company established its new Purpose “Healthier days, Wellbeing for life” in March 2022, it is far from achieving sufficient results in terms of profitability and capital efficiency. While the Nutritional Confectionery Business and the Overseas Business exhibit high competitiveness and profitability, operating income margins have been declining in the Health and Food Business and the Dairy Business since 2020. The Dairy Business, in particular, has recorded significant losses over the past two years, and ROA has remained substantially below the cost of capital. The Company has also maintained a massive amount of net financial assets, which is a factor in its sluggish ROE, but it has yet to fully present specific measures for a fundamental review of its business portfolio and the improvement of capital efficiency.

Moreover, we believe that the successive occurrences of serious incidents, such as the suspension of shipments of chilled products due to ERP system problems and a large-scale voluntary recall of chocolate products, indicate the Company has structural issues not limited to its individual businesses, but extending to the internal control, risk management, and quality control systems and the supervisory function of the Board of Directors. It is not completely clear to shareholders how the Company’s Board of Directors has examined these incidents and rectified the issues while ensuring its independence.

Considering this situation, the Company seems to be required to appropriately address structural issues related to capital efficiency and the business portfolio and reconstruct a system to continue improving ROE, rather than maintaining its status quo. From the perspective of corporate value and the shared interests of shareholders, we recognize that it is necessary to develop a system capable of examining any management strategy option without preconceptions, in addition to acquiring treasury stock and conducting fundamental review of capital policy. In order to properly guide such critical decision-making, it is vital to further strengthen the supervisory function of the Board of Directors by adding external talent independent from the management team who share capital market and investment viewpoints.

From this perspective, we propose that two Outside Directors be elected from our consortium. This proposal, presented based on our responsibility as a major shareholder, is aimed at fundamentally enhancing the Company’s capital efficiency and governance system and also increasing the effectiveness of its capacity to examine management strategy options without preconceptions. We therefore consider that the proposal aligns with the medium- to long-term improvement of corporate value, which is a shared interest of shareholders.

(3) Candidates’ name, career summary, etc.

1. James B. Rosenwald III Born on January 19, 1958	
■Career summary, positions and areas of responsibility, and significant concurrent positions	
1981	Oliver R. Grace & Family, Senior Investment Advisor, Portfolio Manager
1984	Rosenwald Capital Management, Inc., Founder, Chairman and CEO (current)
1996	Beach Front Properties LLC, Co-Founder, Managing Partner (current)
1998	Dalton Investments LLC, Co-Founder, Chief Investment Officer (current)
2012	New York University, Leonard N. Stern School of Business, Adjunct Professor (current)

2019	Rising Sun Management Ltd., Chief Investment Officer (current)
2025	Hogy Medical Co., Ltd., Outside Director
	<Significant concurrent positions > Dalton Investments, Inc., Chief Investment Officer Rising Sun Management Ltd., Chief Investment Officer Hogy Medical Co., Ltd., Outside Director
■Number of Company shares owned: 0 shares	
■Reason for nomination as Director candidate , overview of expected role, etc. As stated in the reason for the proposal above	
■Special interests with the Company Not applicable	

2. Junichiro Sano Born on August 19, 1955	
■Career summary, positions and areas of responsibility, and significant concurrent positions	
1978	Nikko Securities Inc.
1999	Nikko Salomon Smith Barney Ltd. (current Citigroup Global Markets Japan Inc.), Managing Director of the Equity Division, and Regional Head of the Global Sales Committee of Citigroup
2006	Dalton Investments KK、Representative Director and President, Chairman
2008	Nippon Koa Insurance Co., Ltd. (current Sompo Holdings, Inc.), Outside Director
2008	Japan Association of Corporate Directors, Steering Committee Member, Chief Liaison Officer of the International Relations Division (current)
2010	Dalton Investments, Inc., Senior Advisor (current)
2016	CARPE VINUM JAPAN No. 1 Fund (voluntary association), Managing Partner (current)
2021	Hikari Acquisition Inc., Director (current)
	<Significant concurrent positions > Dalton Investments, Inc., Senior Advisor
■Number of Company shares owned: 0 shares	
■Reason for nomination as Director candidate , overview of expected role, etc. As stated in the reason for the proposal above	
■Special interests with the Company Not applicable	

(Notes)

(1) Mr. James B. Rosenwald III and Mr. Junichiro Sano are candidates for Outside Directors.

(2) If Mr. James B. Rosenwald III and Mr. Junichiro Sano are elected as Outside Directors, a liability limitation agreement will be concluded with them. The maximum amount of liability for damages under the agreement will be the minimum liability amount prescribed in laws and regulations.

2 Acquisition of Treasury Stock

(1) Summary of Proposal

This shareholder proposal proposes that the Company acquire a total of 6,360,000 shares of its common stock within one year from the conclusion of this General Shareholders Meeting through the granting of monies with a total acquisition price of up to 35,000,000,000 yen pursuant to the provisions of Article 156 paragraph 1 of the Companies Act.

(2) Reason for Proposal

While the Company has set a target of achieving an ROE of 6-8% under its new mid-term management plan, its average ROE over the past five years has remained in the 4% range. The holding of excessive cash assets, which do not generate much additional value, is an obvious factor behind the low ROE. As of the end of September 2025, the Company holds 106.7 billion yen in net financial assets, which are calculated by subtracting borrowings from the total of cash, deposits, and investment securities, and this amount is equivalent to approximately 33% of the Company’s market capitalization as of that date. Building up cash assets in excess of necessary cash leads to a drop in capital efficiency and damage to corporate value. To improve ROE and increase balance sheet efficiency, measures to further boost shareholder returns and enhance capital efficiency are vital, in addition to continuous profit growth. Acquiring treasury stock at a discount has the effect of improving corporate value through increased earnings per share and net assets per share, as well as reducing future dividend burden through a decrease in total outstanding shares. This is not a short-term stock price measure but one that contributes to improving corporate value over the medium to long term.

Our proposed acquisition of treasury stock of up to 35 billion yen would exceed the size of the Company's net income. However, the Company holds net financial assets of 106.7 billion yen, and considering operating cash flow to be generated in the future, the Company would be able to secure sufficient funds necessary for "ordinary investment" and "growth investment" mentioned in its new mid-term management plan, as well as to safeguard against unforeseen events. Therefore, the balance between the Company's growth investment, business operating funds, and shareholder returns would not be impaired.
Accordingly, for the purpose of improving corporate value over the medium to long term through expansion of shareholder returns and enhancement of capital efficiency, we believe that the Company should adopt a policy of acquiring approximately 10% of its total outstanding shares as treasury stock.

3 Approval of Amount of Remuneration for Restricted Stock Compensation Plan

(1) Summary of Proposal

The limit on Director remuneration at the Company was set forth as an annual amount of 390 million yen or less (annual amount of 35 million yen or less for Outside Directors) at the Annual General Shareholders Meeting held on March 24, 2020. In addition to this, at the Annual General Shareholders Meeting held on June 28, 2018, it was approved that amounts of stock-based compensation would be set forth in an annual amount of 150 million yen or less and a maximum number of shares of 27,000 shares or less (not granted to Outside Directors; includes remuneration for Executive Officers with whom a contract of mandate has been concluded). With this proposal, the Company would grant monetary compensation claims for the granting of restricted stock in an annual amount of 390 million yen or less and a maximum number of shares granted of 72,000 shares or less to Company Directors and Executive Officers who are targeted under the restricted stock compensation plan.

While the specific timing of payment and distribution will be determined by the Board of Directors, this plan would be designed as a performance-based incentive plan that includes ROE and total shareholder return (TSR), and would be designed so that restricted stock equivalent to a cumulative amount of three times fixed remuneration will be granted over the next three years should performance criteria be fulfilled.

(2) Reason for Proposal

We believe that the weakest point of boards of directors in Japan is that directors have few shareholdings and lack a shareholder's perspective as a result. At the Company as well, with the exception of individuals from its founding family, the shareholdings of Directors are limited, with the majority of their economic gains coming from their basic compensation in the form of fixed remuneration. While some remuneration is linked to the achievement of performance, we believe that the sharing of value with stockholders, which is the purpose of restricted stock compensation, is insufficient. It is necessary for the Directors to be given an economic incentive to endeavor to sustainably improve the corporate value of the Company and for Director interests to be unified with those of shareholders so that the positive outcomes of improved corporate value are enjoyed alongside shareholders.

The ideal amount of effective stock-based compensation for facilitating value-sharing between Directors and shareholders is established as an amount equivalent to three times fixed remuneration. Although the Company has introduced a restricted stock compensation plan, in the 120th Fiscal Year (from January 1, 2024 to December 31, 2024), a full-year amount of approximately 192 million yen in fixed remuneration was paid to the Company's Directors (excluding Outside Directors), while little stock-based compensation was paid Restricted stock compensation has no meaning if it is not granted while Directors are in office. As such, this compensation needs to be granted to a certain degree in a shorter timeframe.

Moreover, at nearly all major listed companies in Europe and the United States, shareholding guidelines that set forth continuous shareholding conditions over a fixed period of time have been adopted for a certain number of shares believed to be necessary in sharing value with shareholders. In most cases, following a grace period of several years, stock-based compensation is established as three to five times basic compensation for top management and one time compensation even for Outside Directors. We hereby propose that the Directors of the Company and other members of its management team, without remaining trapped by past conventional wisdom, strive for a level of ownership that does not lag behind world standards and show their commitment through adequate disclosure, and we believe that shareholding guidelines should be established.

4 Amendment to the Articles of Incorporation Pertaining to Actions Aimed at Realizing Management Mindful of Capital Cost and Share Price

(1) Summary of Proposal

This proposes the prescribing of the below provisions as additional Articles of Incorporation of the Company.

(The underlined sections indicate changes.)

Prior to Amendment	Following Amendment
(Newly established)	Chapter 7 Disclosure (Disclosures on Management that is Conscious of Cost of Capital and Stock Price) Article 38 As long as the Company is a listed company, it will examine the appropriateness of initiatives and disclosures based on “Considering The Investor’s Point of View in Regard to Management that is Conscious of Cost of Capital and Stock Price: Key Points and Examples” (hereinafter referred to as “Key Points and Examples”) published by the Tokyo Stock Exchange on February 1, 2024 and will disclose the initiatives implemented in accordance with the Points and Examples in the Corporate Governance Report and on the Company website.

(2) Reason for Proposal

The Tokyo Stock Exchange requested “Action to Implement Management that is Conscious of Cost of Capital and Stock Price”(hereinafter “TSE Request”) to all listed companies on March 31, 2023. Moreover, in order to ensure that such actions are highly effective and not a mere formality, it requested actions based on “Considering The Investor’s Point of View in Regard to Management Conscious of Cost of Capital and Stock Price: Key Points and Examples” (hereinafter referred to as “Key Points and Examples”) on February 1, 2024.

The Company has already made public its status of disclosure based on the TSE Request, and its disclosure of initiatives for improvement of ROE and reduction of capital costs in the new mid-term management plan can be evaluated highly. However, the Company has recorded significant losses in its Dairy Business over the past two years and has also seen its profitability in the Health and Food Business remain at markedly low levels. Despite stating that it will thoroughly work on profit management through business-specific ROIC, the Company has not fully disclosed detailed information regarding specific measures to realize profitability in excess of capital costs in these businesses, as well as review of its business portfolio. This indicates that the Company’s efforts to implement “4. fundamental initiatives with an awareness of the appropriate allocation of management resources” mentioned in “Key Points and Examples” are not sufficient and that there remain significant issues with their effectiveness.

In addition, for the Company to improve its capital efficiency and increase ROE, in addition to profit growth, measures to improve capital efficiency based on the balance sheet are vital. “3. Inspection of balance sheets to ensure their efficiency” in “Key Points and Examples” calls for companies to check that they do not have excessive cash and deposits in order to promote business operations and investment for growth. However, under its cash flow allocation policy presented in the new mid-term management plan, the Company sets the amount of reduction in assets at 5 billion yen. Given the financial position of the Company, which is almost debt-free and holds more than 50 billion yen in cash and deposits, this scale cannot be deemed sufficient from the perspective of increasing balance sheet efficiency.

By disclosing specific details based on “Key Points and Examples,” the Company will be able to clearly show fundamental measures for improvements in the Dairy Business and the Health and Food Business, which are recognized by shareholders as the Company’s key issues, and remove concerns over the increased efficiency of the balance sheet. Through this initiative, we believe that the Company can meet the expectations of shareholders with a medium- to long-term perspective.