

Opinion of the Board of Directors Regarding the Shareholder Proposals

YELLOW HAT LTD.

May 8, 2026

TSE Prime

9882

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Notes on the Handling of This Material

Information in this material other than that derived from the Company is based on publicly available information; however, the Company does not guarantee the accuracy, reliability, or completeness of such information.

Proposing Shareholders

INTERTRUST TRUSTEES (CAYMAN) LIMITED
SOLELY IN ITS CAPACITY AS TRUSTEE OF
JAPAN-UP and Strategic Capital, Inc.
(Shareholding ratio: approx. 14%)

- **Proposal 1:**
Partial Amendment to the Articles of Incorporation regarding the decision-making body for the distribution of surplus.
- **Proposal 2:**
Disposition of surplus.
- **Proposal 3:**
Revision of remuneration for the granting of restricted stock to Directors (excluding Outside Directors).

After careful consideration, the Board of Directors
OPPOSES all proposals.

The proposals would hinder the Company's sustainable growth, obstruct agile capital policies, and potentially impair shareholder value over the medium to long term.

Reasons for Opposition to Proposal 1

Summary of Proposal

Partial Amendment to the Articles of Incorporation to shift the authorized organ for the distribution of surplus from the "Board of Directors" to the "General Meeting of Shareholders."

Company Opinion

OPPOSE

Reasons for Opposition

① Ensuring Flexible and Prompt Capital Policy and Decision-Making Speed

In a rapidly changing market environment, it is essential to execute capital policies, including shareholder returns, at the optimal timing while comprehensively considering investment plans and financial soundness. For such matters requiring highly sophisticated management judgment, it is reasonable and effective for the Board of Directors to serve as the authorized organ to ensure agility and efficacy in management.

② Rationality of Returns Combining “Dividends” and “Share Buybacks”

Our policy under the current medium-term management plan of a “Total Return Ratio of 100% or more,” which appropriately combines stable “Dividends” with flexible “Share Buybacks,” enables flexible responses at present that contribute to the improvement of ROE and other metrics. To determine this optimal balance in alignment with medium- to long-term strategies, it is most rational for the Board of Directors, which is well-versed in the business, to hold the authority.

Reasons for Opposition to Proposal 2

Summary of Proposal

Disposition of surplus (implementation of a 100% dividend payout ratio)

Company Opinion

OPPOSE

Reasons for Opposition

① Superiority of "100% Total Return Ratio" and View on Liquidity Risks

Under the current Mid-term Management Plan, the Company has already achieved a level of returns equivalent to that requested by the proposing shareholders. A rigid policy of fixing the entire net income for dividends may hinder flexible capital allocation for growth investments. Furthermore, we constantly monitor market liquidity; the current policy, which enables the Board to make flexible decisions in response to changing circumstances, best serves the maximization of shareholder interests.

② Emphasis on "Stable and Sustainable Profit Returns" Based on 16 Consecutive Years of Dividend Increases

Our achievement of 16 consecutive years of dividend increases is A Record of Trust built through medium- to long-term relationships with our shareholders. The Company takes this track record seriously and will continue to strive for sustainable improvement in dividend levels, unaffected by temporary fluctuations in profits.

Reasons for Opposition to Proposal 3

Summary of Proposal

Introduction of a restricted stock remuneration system linked to PBR outperformance against the market average and increasing the remuneration cap to 150 million yen.

Company Opinion

OPPOSE

Reasons for Opposition

① Inappropriateness of Using "TSE Prime Market Average PBR" as a Benchmark

The "TSE Prime Market Average PBR" is heavily influenced by sectors with different business structures and larger market capitalizations, making it an unsuitable indicator for measuring our performance. Relying on a single external indicator is inappropriate for a remuneration design aimed at medium- to long-term corporate value enhancement (linked to PBR outperformance).

② Disregard for Objective and Multifaceted Remuneration Decision Processes (Governance)

Remuneration should be evaluated based on multifaceted indicators, including medium- to long-term performance improvement, capital efficiency enhancement, and sharing value with shareholders, not just PBR. The Company has already established a transparent process involving Independent Outside Directors to determine the optimal balance of remuneration. Hardening the system with a single indicator specified by a particular shareholder is inappropriate from a corporate governance perspective.

③ Factual Errors in the Proposing Shareholders' Claims

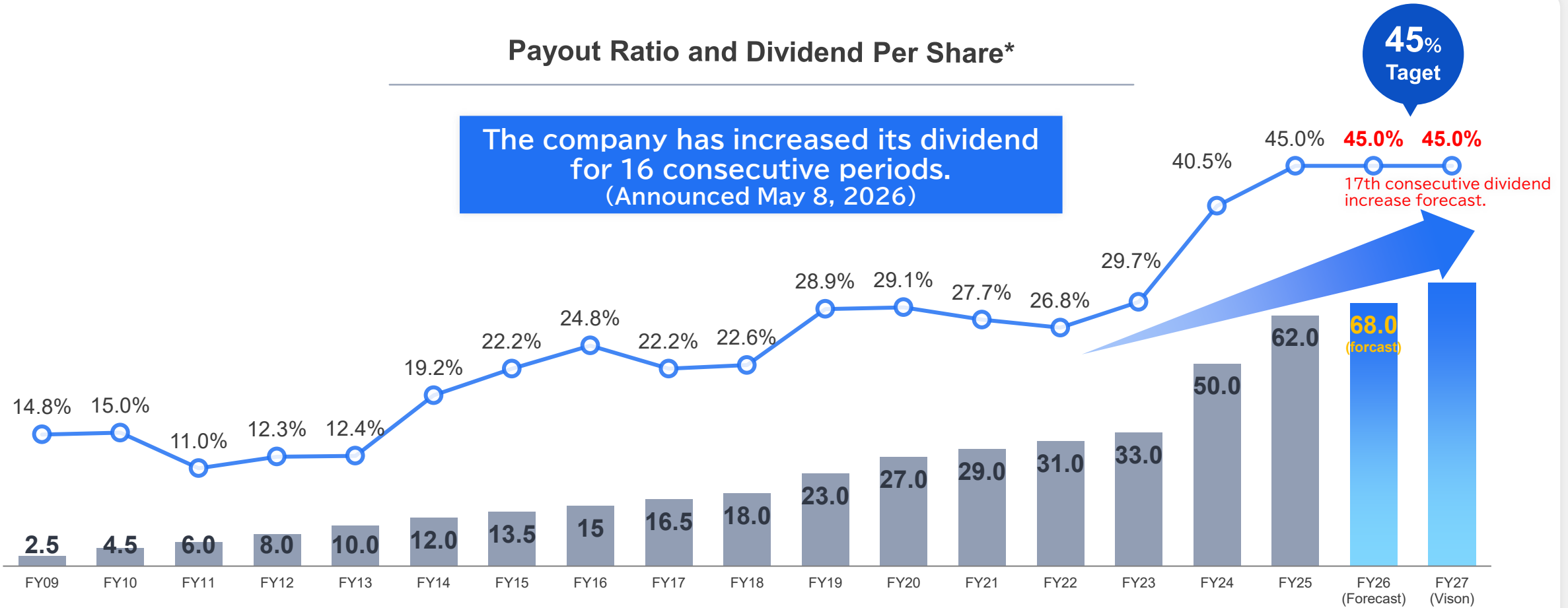
The claims made by the proposing shareholders fail to reflect the stock split (1-to-2) effective April 1, 2025, and are contrary to the facts. The President's economic interests through shareholding already significantly exceed the average cash remuneration; thus, the claim is meritless as it is based on a clear misunderstanding of the facts.

Supplementary information 1 : Shareholder return policy

- Our payout ratio target for FY2025 to FY2027 is 45%, with a total shareholder return ratio of 100% or more, cumulative over three years.
- FY2025, the dividend will be 29 yen for the interim period and 33 yen for the year-end period, totaling 62 yen, marking the 16th consecutive year of dividend increases.

Payout Ratio and Dividend Per Share*

The company has increased its dividend for 16 consecutive periods.
(Announced May 8, 2026)



* The Company conducted two-for-one splits of its common shares, effective April 1, 2019 and April 1, 2025. Dividends for years prior to these dates have been retroactively restated accordingly

Supplementary information 2 : Sustainable Growth and Acquisition of "Survivor's Benefits"

The Yellow Hat Group aims to sustainably enhance shareholder value by leveraging structural market changes as a tailwind and maximizing medium- to long-term survivor's benefits.

1. Market Environment: Resilient Demand for Maintenance

Resilience of Vehicle Ownership: The number of passenger cars owned in Japan remains stable with a slight upward trend, strengthening our profile as a stock-based business that is less susceptible to fluctuations in new vehicle sales.

Aging Fleet (Extension of Average Age): The normalization of long-term vehicle use has driven an increase in essential maintenance demand, such as statutory inspections, repairs, and consumable replacements.

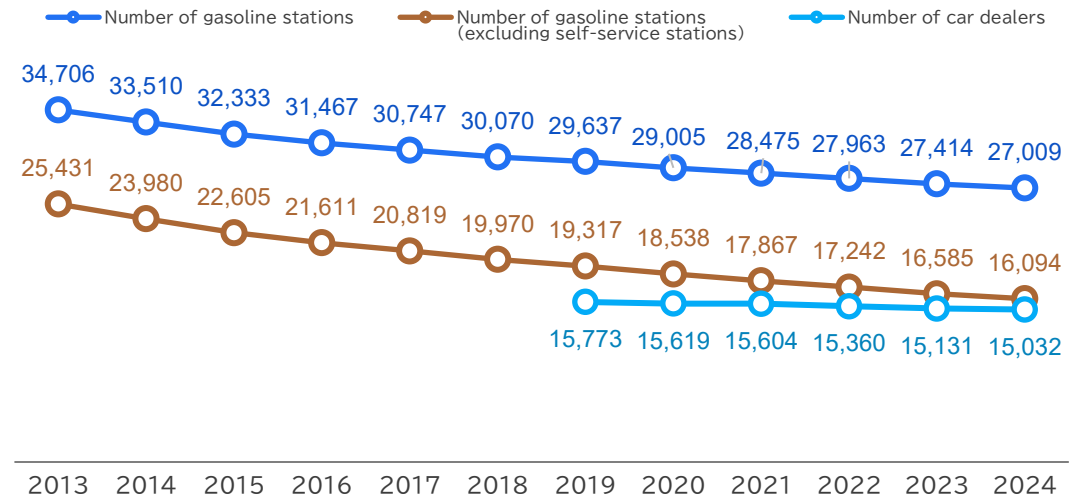
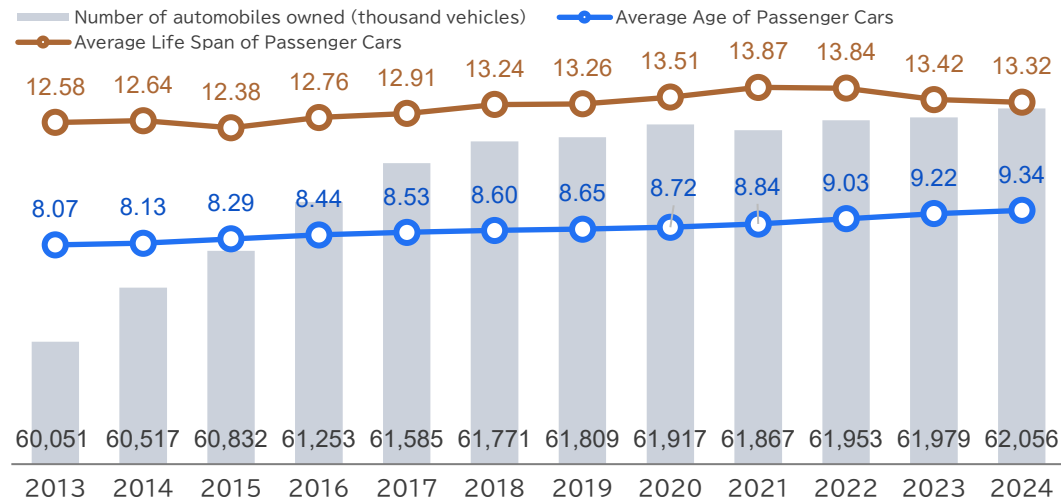
2. Transformation of Supply Structure: Emergence of "Market Vacuums" due to Competitor Exit

Shrinking Supply Network: We are seeing an acceleration in dealer consolidations, a sharp decline in the number of gas stations, and the closure of small-to-medium independent repair shops due to a lack of successors.

The Company's Superiority: The pace at which competitors are exiting exceeds the rate of market contraction. Our nationwide store network serves as the primary receiver, capturing this displaced maintenance demand.

3. Conclusion: Maximizing Survivor's Benefits

Market Share Expansion: As competitors are eliminated, the Company can increase its relative market share and maintain or improve its pricing power and profitability.



(Sources) Number of automobiles owned, Average Age of Passenger Cars, Average Life Span of Passenger Cars: Automobile Inspection & Registration Information Association ; Number of gasoline stations: Agency for Natural Resources and Energy; Number of car dealers: Japan Automobile Dealers Association