BX GROUP

80th Ordinary General Meeting of Shareholders — Supplementary Material

Bunka Shutter

May 19, 2026

Bunka Shutter Co., Ltd.

Ordinary General Meeting of Shareholders — List of Agenda Items

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The Company intends to make the following proposals to the shareholders at the 80th Ordinary General Meeting of Shareholders to be held on June 17, 2026. We request that our shareholders **exercise their voting rights in support of the Company proposals, and in opposition to the shareholder proposal.**

	Item No.	Name of Proposal	Opinion of the Company's Board of Directors*
Company Proposals	Proposal 1	Appropriation of surplus	Approve
Company Proposals	Proposal 2	Election of nine (9) Directors (excluding those who concurrently serve as Audit and Supervisory Committee Members)	Approve
Company Proposals	Proposal 3	Election of one (1) Director as an Audit and Supervisory Committee Member	Approve
Company Proposals	Proposal 4	Approval of the Conditional Implementation of Countermeasures Taking into Consideration the (Emergency) Circumstances of a High Probability of a Large-scale Purchase, etc. of Company Shares Certificates, etc. by Dalton Parties	Approve
Shareholder Proposal	Proposal 5	Election of two (2) Directors who are not Audit and Supervisory Committee Members**	Reject

*Eight (8) of the 14 members of the Company's Board of Directors are independent outside directors.
**Both of the director candidates in the shareholder proposal have been proposed as outside director candidates.

Proposal 4 (Company Proposal)

Approval of the Conditional Implementation of Countermeasures Taking into Consideration the (Emergency) Circumstances of a High Probability of a Large-scale Purchase, etc. of Company Share Certificates, etc. by Dalton Parties

Proposal 4: Conditional Implementation of Countermeasures Against Dalton Parties

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Overview of Proposal 4

- The Proposal requests that the shareholders approve in advance the implementation of the countermeasures to be taken by the Company's Board of Directors in the event that the Dalton Parties (which hold 21% of the voting rights of the Company) are found to have commenced a Large-scale Purchase, etc., without complying with the procedures required by the response policies specified by the Company (the "Response Policies") (resolution requirements for General Meeting of Shareholders: approval by majority of the voting rights of the shareholders present).

- On September 3, 2025, the Company introduced the Response Policies in light of the possibility of a Large-scale Purchase, etc., of Company shares by the Dalton Parties, but upon further consideration of the subsequent events, the Company believes that circumstances continue to constitute an "Emergency".

- If the Proposal is approved, then the Company's Board of Directors will implement countermeasures (i.e., allotment of share options without contribution) pursuant to the Response Policies specified by the Company in the event that the Dalton Parties are found to have commenced a Large-scale Purchase, etc., without complying with the procedures required by the Response Policies. Additionally, the Response Policies will be maintained only to the extent necessary (provided that they only will be extended until the conclusion of the first meeting of the Company's Board of Directors convened after the Company's ordinary general meeting of shareholders to be convened in 2027).

- If the Proposal is rejected, the Response Policies will be discontinued at the conclusion of the first Board of Directors meeting convened after this Ordinary General Meeting of Shareholders.

"Emergency" Circumstances Being Faced by the Company

- Based on the actions taken by the Dalton Parties (including the shareholder proposal in Proposal 5), the Company believes it is likely that they will carry out a Large-scale Purchase, etc., without complying with the Response Policies.

- There are concerns that the Dalton Parties do not have any specific strategies for enhancing the Company's corporate value, and as such, their sole purpose is the pursuit of their own short-term profits (e.g., through taking the Company private). This gives rise to a risk of shares of the Company being purchased by the Dalton Parties, which in turn could impede maximization of the Company's corporate value and the common interests of shareholders.

- Institutional investor shareholders have expressed strong concerns regarding the Dalton Parties' investment activities (i.e., concerns of a conflict of interest between general shareholders and the Dalton Parties have deepened).

Course of Events (Purchasing of Company Shares by Dalton Parties, Events Leading Up to the Shareholder Proposal)

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Period		Events
2023	**October**	◆ Large-volume holding report filed by the Dalton Parties (holding percentage: 5.03%)
2025	**January**	◆ **Proposal received** from the Dalton Parties **for taking the Company private through an MBO with the Dalton Group as a partner**
	February 17	◆ The Company conducted an interview with the Dalton Parties, in which they stated that **they would seek for specific discussions to be commenced, e.g., through the introduction of a PE Fund that was a partner in the MBO** (since the beginning of 2025, the Dalton Parties had been purchasing additional Company shares every business day up to the business day preceding the interview date).
	May 20	◆ The Company conducted an interview with the Dalton Parties and **received a proposal regarding appointing Dalton Parties-related individuals, including Mr. Rosenwald as an outside director of the Company**.
	August 22	◆ The Company sent a letter to the Dalton Parties requesting that they refrain from purchasing more than 21% of the Company's shares on a voting basis, as doing so could create a conflict of interest with general shareholders.
	August 27	◆ The Company conducted an interview with the Dalton Parties, in which **they stated that** regardless of the Company's request to refrain from purchasing shares, **they already held 21.1% of the Company's shares, and therefore could not comply with the Company's request.**
	September 3	◆ **The Company introduced the Response Policies.**
	November 28	◆ The Company conducted an interview with the Dalton Parties, in which **they stated that the Dalton Parties have no intention of selling their shares of the Company.**
	December	◆ The Company received a letter from the Dalton Parties that contained contents similar to the statement they issued to the board of directors of companies in which they hold shares (the "December Statement"). **This suggested that they intend to continue to propose MBOs to companies in which they hold shares.**
2026	**April 8**	◆ The Dalton Parties submitted a Change Report (shareholding percentage: 20.55%; **21.01% on a voting basis**).
	April 14	◆ **The Company received a shareholder proposal** from the Dalton Parties calling for two executives of the Dalton Parties to be elected as outside directors of the Company.
	April 22	◆ The Company sent a letter of inquiry to the Dalton Parties.
	April 28	◆ In response to the letter of inquiry, the Dalton Parties provided the following information: (1) they denied that they had at the present time any intention to acquire any additional shares of the Company or to dispose of any shares of the Company, but at the same time, **refused to submit an undertaking that they would not acquire any additional Company shares,** (2) a response that **the holding of Company shares by Dalton Parties has no direct relation with the Company's medium-to-long-term corporate value or the common interests of shareholders, and that improvement of the Company's medium-to-long-term corporate value and looking after the common interests of shareholders were the role of the Company's management team**, and (3) a response that the purpose of the proposals made by the Dalton Parties to the Company in the past for implementation of an MBO and the dispatch of directors was explained in the statements they issued in September and December of the previous year, which the Dalton Parties also addressed to the board of directors of companies in which they have holdings.
	May 1	◆ The Company's Nomination/Remuneration Committee conducted an interview with **Mr. Nishida (an officer or employee of the Dalton Parties)**, a candidate in the shareholder proposal from the Dalton Parties.
	May 7	◆ The Company's Nomination/Remuneration Committee conducted an interview with **Mr. Mizuochi (an officer or employee of the Dalton Parties)**, a candidate in the shareholder proposal from the Dalton Parties.

Potential Scenarios if Proposal 4 is Approved

Proposal 4 Approved at Ordinary General Meeting of Shareholders

Case (1)

If the Company can reasonably confirm that the Dalton Parties will not purchase additional shares

➡ Dalton submits a written pledge to the Company.

Response Policies discontinued in consideration of the recommendations of the Independent Committee

*Although the Company recently requested that the Dalton Parties submit a written pledge stating that they will not purchase any additional shares, this request was rejected.

Case (2)

If the Dalton Parties express intent to purchase additional shares in accordance with procedures

➡ They will provide sufficient time and information to the general shareholders before additional shares are purchased (in this case, the Dalton Parties will submit a statement of intent regarding the Large-scale Purchase).

A Shareholders' Intent Confirmation Meeting will be held in consideration of the Independent Committee's recommendations, seeking a decision on whether or not to implement countermeasures.

Future prospects to be addressed by this proposal

Case (3)

If the Dalton Parties purchase additional shares without procedures

➡ Purchasing additional shares to coerce general shareholders (in this case, additional shares will be purchased without providing sufficient time or information to the shareholders)

Normally, if the procedures are not followed, countermeasures can be implemented following a resolution by the Board of Directors without a Shareholders' Intent Confirmation Meeting being held (giving maximum respect to the Independent Committee's recommendations), but on this occasion, in the interest of respecting the wishes of our shareholders, we request that our shareholders approve in advance the implementation of countermeasures in case the procedures are not followed.

Overview of Response Policies (introduced on September 3, 2025)

Item		Details
Purpose/Characteristics		Their purpose is to ensure that general shareholders have sufficient time and information to make an appropriate decision, and as such, they differ from the type of takeover defense measures that are typically taken.
Trigger		If the Dalton Parties seek to conduct a share acquisition to obtain a shareholding which exceeds 21%
Independent Committee		Consists of five (5) independent outside directors (advises the Board of Directors on whether to implement countermeasures and on any other necessary matters)
Procedure	Submission of statement of intent	Submitted no later than 60 business days before the Large-scale Purchase, etc., is to be carried out
	Information provided	After the statement of intent is received, the Company will request that more information be provided if the contents are insufficient (within five (5) business days after statement of intent is received).
	Assessment by Board of Directors	Within 60 business days after statement of intent is received, the Board of Directors will assess and consider whether or not to approve the Large-scale Purchase, etc.
	Shareholders' Intent Confirmation Meeting	If implementation of countermeasures is deemed necessary, a decision will be sought at a general meeting of shareholders.
Implementation of countermeasures		Following an allotment of share options without contribution, all shareholders (other than non-qualified persons) will be granted shares as consideration. If certain requirements (e.g., a pledge not to implement the Large-scale Purchase, etc.) are satisfied, then non-qualified persons will be granted second share options which can be exercised insofar as the resulting shareholding percentage is less than either 21% or another percentage specified separately by the Company's Board of Directors. *
Effective period		Until the conclusion of the first Board of Directors meeting convened after the Company's ordinary general meeting of shareholders in 2026

*If the Dalton Parties' percentage of voting rights held as of the date on which the introduction of the Response Policies is publicly announced exceeds 21%

Overview of Countermeasures (How Allotment of Share Options Without Contribution Works)

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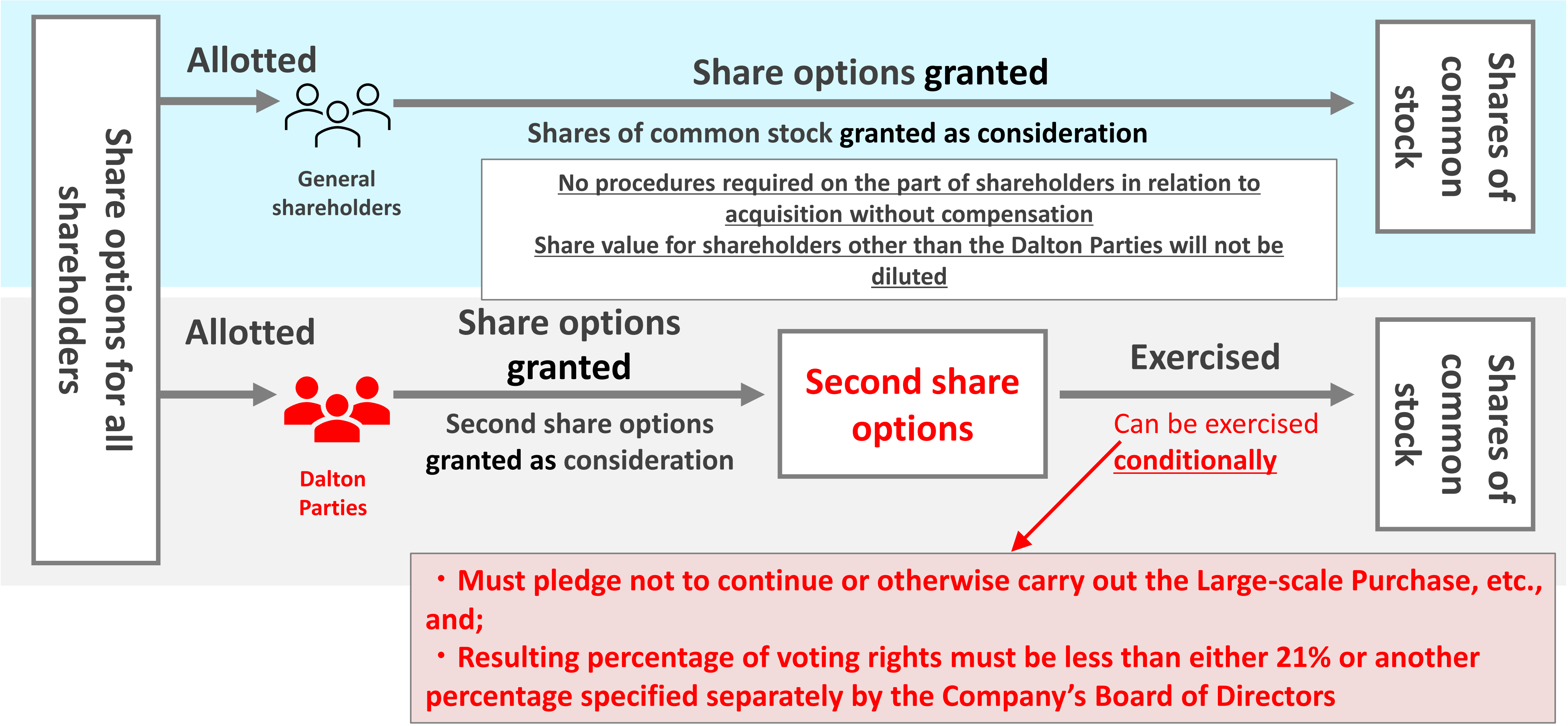
- Implemented if (1) Proposal 4 is approved, and (2) the Dalton Parties are found to have commenced a Large-scale Purchase, etc., without complying with the Response Policies.
- An allotment of share options without contribution will be made, with general shareholders and Dalton Parties being subject to different exercise conditions and acquisition provisions.
- Under no circumstance will the value of the overall Company shares held by shareholders other than the Dalton Parties be diluted against the wishes of general shareholders.



Details of the Independent Committee's Recommendations

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Overview of Independent Committee

- Established on September 3, 2025, for the purpose of preventing arbitrary decision-making by the Board of Directors and further enhancing the fairness and objectivity of the open of the Response Policies
- Consists of five (5) independent outside directors **of the Company who are independent of the management team that carries out the Company's business**
- The Company's Board of Directors will decide on various measures in relation to the Response Policies, giving maximum respect to the recommendations and opinions of the Independent Committee

Independent Committee's Recommendations

- On April 22, 2026, the Company's Board of Directors consulted with the Independent Committee in regard to how the implementation of the Large-scale Purchase, etc., by the Dalton Parties would affect the Company's medium-to-long-term corporate value and the common interests of its shareholders, as well as the advisability of implementing the Countermeasures.
- On May 13, 2026, the Company's board of directors received from the Independent Committee an advisory report dated the same date and supported by all members of the Independent Committee, stating that on the assumption that the Proposal will be approved, in the event that going forward, Dalton Parties are found to have commenced a Large-scale Purchase, etc. without complying with the procedures set forth in the Response Policies, it would be appropriate for the Company's board of directors, giving full respect for the advice of the Independent Committee as of that point in time, to implement the Countermeasures.

Opinions of the Company's Board of Directors

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- Given that the Dalton Parties hold a significant number of shares of the Company **and have indicated that they intend to continue holding them, but have not yet explained their specific purpose for doing so,** while at the same time have refused to submit a written pledge not to purchase additional shares, the possibility remains that they may acquire additional shares of the Company in the future.

- The Dalton Parties have repeatedly demanded courses of action that would be beneficial to the Dalton Parties, such as an MBO with themselves as the investment entities and the appointment of individuals related to the Dalton Parties as directors, yet **thus far, they have not presented any specific strategies for enhancing the Company's corporate value.**

- In a response dated April 28, 2026, to the Company's letter of inquiry, the Dalton Parties asserted that improving the Company's medium-to-long-term corporate value and looking after the common interests of shareholders were the responsibility of the Company's management team, and **that the Dalton Parties' holding of Company shares has no direct relationship to the Company's medium-to-long-term corporate value or the common interests of shareholders**. Moreover, they stated that the position of Dalton Parties was as expressed in the statement issued by the Dalton Parties in December 2025, which set forth the MBO proposals as well as proposals for the appointment of individuals related to the Dalton Parties as directors that the Dalton Parties had made to the Company in the past (and also included proposals for the MBO or other delisting of companies in which they hold shares and proposals for the appointment of individuals related to the Dalton Parties as directors).

- However, this statement was not addressed to the Company, but rather has general content directed generally to the companies in which the Dalton Parties holdings, and as such, **it is difficult to believe that the Dalton Parties seek to achieve the optimal method for enhancing the Company's corporate value and shareholder value in light of the Company's business activities and the market environment in which it operates.**

- Since it is clear that Dalton Parties have made proposals similar to both the MBO proposal and the shareholder proposal to other companies in which the Dalton Parties hold shares, **it is inconceivable that the Dalton Parties seek to achieve the optimal method for enhancing the Company's corporate value and shareholder value in light of the Company's business activities and the market environment in which it operates.**

- **Given the information above, the Company's Board of Directors considers the circumstances in which it finds itself to constitute an "Emergency".**

The Company has decided to put Proposal 4 on the agenda, giving maximum respect to the recommendations of the Independent Committee.

Reference Material 1: Dialogue with Institutional Investor Shareholders (Strong Concerns Regarding Dalton Parties)

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Dialogue topics		Concerns of Institutional Investor Shareholders
Strategies for enhancing corporate value	Institutional investor A	◆ "It is impossible to determine what kind of impact acquisition of Company shares by Dalton Parties would have on the Company's corporate value"
MBO proposals made by Dalton Parties	Institutional investors B and C	◆ "Since the Company's corporate value has steadily increased as a listed company, it is difficult to understand why the MBO asserted by Dalton Parties is necessary" ◆ "There is a structural conflict of interests between Dalton Parties and minority shareholders." "This will possibly end up not being a deal that maximizes the interests of minority shareholders"
Dispatch of directors by Dalton Parties	Institutional investors D and E	◆ "We are opposed, because they are not independent from Dalton Parties, who are major shareholders, and there are concerns about a conflict of interests with general shareholders ◆ "Despite having no interest in management, they are planning to dispatch directors for the purpose of inducing an unnecessary MBO, for the purpose of the pursuit of their own profits; this sort of method will not gain the support of shareholders."

The Company actively engaged in dialogues with institutional investor shareholders, particularly the directors in charge of business operations.

Among them, numerous institutional investor shareholders have voiced concerns about the Dalton Parties' investment activities (i.e., investment methods to induce or compel companies to go private), and concerns of a conflict of interest between general shareholders and the Dalton Parties have deepened.

Reference Material 2: Investment Activities of Dalton Parties Towards Other Companies 1/2

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Hogy Medical

- Having intermittently purchased shares of Hogy Medical to the point where their holding ratio of share certificates, etc. had reached 26.38% as of May 23, 2025, Dalton Parties **made a proposal** at the annual general meeting of shareholders that year **for the election of three director candidates, for the reason that all managerial policy options, including going private, should be considered. Of these three individuals, only Mr. Rosenwald was approved.***
- Just **half a year later, on December 17, Hogy Medical announced its delisting**, and Dalton Parties agreed to reinvest indirectly in Hogy Medical (rollover investment) following its delisting.

*__It is estimated__ that the proposal to elect Mr. Rosenwald as a director **was opposed by roughly 67.05% of the general shareholders (other than Dalton Parties), and he thus failed to win the trust of a majority of the general shareholders other than Dalton Parties.**

T&K TOKA

- Since filing a large-volume holding report for T&K shares in 2012, Dalton Parties have continued purchasing shares intermittently until 2024, both on and off the market, to the point where their holding ratio of share certificates, etc. reached 24.57%.
- Dalton Parties **proposed that T&K go private through an MBO with a PE Fund introduced by them as the partner.**
- T&K rejected the proposal. Then, on January 10, 2023, **Dalton Parties commenced a TOB with a lower limit of shares to be purchased set at 40% and an upper limit set at 44%, without providing any information or any opportunity for discussions** (the TOB failed).
- Subsequently, Bain (the PE Fund) announced on August 17, 2023, and commenced on January 23, 2024, a TOB for T&K shares, and **Dalton Parties entered into a tender offer agreement and agreed to make a 15% reinvestment (rollover investment)**, and T&K was ultimately delisted.

Trancom

- From around May 2024, Dalton Parties began rapidly purchasing shares of Trancom, in which they had maintained their holding ratio of share certificates, etc. of approximately 5-6% for a long time until then, and they announced that as of August 16, 2024, their holding ratio of share certificates, etc. had reached 16.24%.
- Immediately thereafter, on September 17, 2024, it is announced **that Dalton Parties, together with Bain, would conduct an MBO through a tender offer for the purpose of privatization.**
- Dalton Parties entered into a tender offer agreement with the tender offeror, agreeing to tender their shares in the TOB, as well as to **engage in a rollover investment in Bain's acquisition vehicle after the squeeze-out was completed and to appoint one (1) director to the wholly-owning parent company of the tender offeror.**
- Trancom was delisted after the completion of the TOB.

There are multiple cases in which Dalton Parties are suspected of having effectively compelled companies in which they have holdings to implement an MBO or to go private, and further, to have made a reinvestment at the time of delisting, as well as cases in which they had their own individuals appointed as outside directors in companies in which they have holdings, followed by an exit through delisting immediately thereafter.

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ASKA Pharmaceutical Holdings

- While continually purchasing shares in ASKA Pharmaceutical, Dalton Parties concurrently made a proposal to take the company private through an MBO. **ASKA Pharmaceutical then introduced emergency response policies on July 1, 2025.**
- Dalton Parties submitted to ASKA Pharmaceutical a letter of intent regarding its large-scale purchases etc., indicating that **Dalton Parties intended to purchase ASKA Pharmaceutical shares up to approximately 30% of its voting rights.**
- Dalton Parties **did not comply with ASKA Pharmaceutical' repeated requests for responses to an "Information List"** based on the ASKA Pharmaceutica' response policies, and **made unilateral public assertions**. Although Dalton Parties submitted a letter retracting their letter of intent, in that same letter they unilaterally criticized the reasons for the introduction of the ASKA Pharmaceutical' response policies and the details of such policies.
- Furthermore, **regarding the responses to the "Information List"**, Mr. Rosenwald has stated, **"This could be done using generative AI", displaying a disregard for both the importance of sharing information with general shareholders and the shareholders' interests.**
- In February 2026, **Dalton Group proposed either (i) that ASKA Pharmaceutical accept two (2) individuals from the Dalton Group and enter into a Standstill Agreement, or (ii)** if ASKA Pharmaceutical were to reject this, that **Dalton Parties would be prepared to acquire shares up to a maximum of 45% through a tender offer**, on the condition that ASKA Pharmaceutical withdraw its response policy.

Ezaki Glico

- On January 5, 2026, Dalton Parties sent a letter to Ezaki Glico, in which they stated their intention to make shareholder proposals at Ezaki Glico's ordinary general meeting of shareholders, and presented, as measures to resolve the structural issues facing Ezaki Glico, large-scale share buyback over the next five years or **a delisting through an MBO in collaboration with Dalton Parties.**
- On January 16, Dalton Parties **submitted shareholder proposals for the election as director of two Dalton Parties-related individuals, including Mr. Rosenwald,** and for the implementation of a large-scale share buyback over a one-year period equivalent to approximately 10% of Ezaki Glico's issued shares (excluding treasury shares) *

*__Both of these shareholder proposals were rejected.__

It is suspected that in order to effectively compel companies in which they have holdings to implement an MBO or to go private, Dalton Parties have purchased significant amounts of those companies' shares and made proposals to such companies to appoint director candidates nominated by Dalton Parties.

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Nippon Active Value Fund plc's (investment fund in which Dalton is a joint holder) annual report (2024)

"There is a great deal going on. We have stepped up our engagement with several of our largest holdings and continue to urge for capital allocation improvements, even to the extent of calling for MBOs or threatening tender offers for controlling minorities of outstanding shares."

Meanwhile, Dalton Parties mention on their website in regard to the Company's introduction of the response policies that "We do not force or guide the management of the companies … toward any specific option (such as delisting)".

***This is inconsistent with the content of NAVF's annual report, which is an official reporting material to its financial sponsors.**

Proposal 5 (Shareholder Proposal)

Election of two (2) * Directors who are not Audit and Supervisory Committee Members

*Both of the director candidates in the shareholder proposal have been proposed as outside director candidates.

Proposal 5: Shareholder Proposal (Appointment of Directors Who are not Audit and Supervisory Committee Members (Two Outside Directors))

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General Shareholders

Hold approximately 79% of Company's voting rights

Concern about Conflicts of Interest

- The two candidate directors under the shareholder proposal will be subject, simultaneously, to their duties to Dalton Parties under delegation agreements, employment agreements, or compensation arrangements, with Dalton Parties, as well as the duty of due care as outside directors owed to the Company.
- As a result, ongoing conflicts of interest would arise within the Company's Board of Directors, impairing the independence of the Board and the effectiveness of its corporate governance, and inevitably leading to conflicts with the Company's general shareholders.

Dalton Parties (major shareholders)

Hold approximately 21% of Company's voting rights

Company's Board of Directors

Percentage of Independent Outside Directors: 57.1%

Shareholder Proposal

Masumi Nishida

Kazutaka Mizuochi

Two officers from Dalton Parties are proposed as outside directors

Concerns about Independence of Company's Board of Directors being Compromised

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Shareholder Proposal to Eiken Chemical

Background

- Dalton Parties announced in a large-volume holding report in December 2023 that their holding ratio of share certificates etc. was 5.09%, and then **proceeded to intermittently purchase shares in Eiken Chemical, reaching their holding ratio of share certificates etc. of 32.84% by April 1, 2026, according to Change Report No. 25 dated the same date**.
- In November 2024, Dalton Parties **proposed** to Eiken Chemical an **MBO model (a financial model to take Eiken Chemical private that assumes Dalton and related entities conduct a rollover investment after the Company goes private)**.
- **Pointing to the slowness of the evaluation of the MBO model** by Eiken Chemical's Board of Directors, Dalton Parties **requested that three candidate directors be appointed in the 2025 Ordinary General Meeting of Shareholders**.
- As Eiken Chemical refused such appointment, Dalton Parties **submitted a shareholder proposal in which a total of six (6) candidate directors were proposed**.*

* In the end, Eiken Chemical accepted two (2) of the candidates and the Dalton Parties withdrew the shareholder proposal.

Shareholder Proposal Dated April 14, 2026

Dalton Parties made, to the Ordinary General Meeting of Shareholders of Eiken Chemical scheduled for June 2026, a shareholder proposal in which the same two candidates as in this shareholder proposal to the Company were named as candidate directors.
Dalton Parties claim that the purpose is to "improve the effectiveness and speed of [Eiken Chemical]'s consideration process for the delisting proposal ".

* Eiken Chemical has expressed an opinion against this shareholder proposal.

Shareholder Proposal

Masumi Nishida

Kazutaka Mizuochi

Two (2) directors from Dalton Parties are proposed as outside directors

Results of Company Nomination/Remuneration Committee Interviews with Shareholder-Proposed Candidates

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Candidate Track Records based on the Shareholder Proposal Documents

Masumi Nishida

“having long-standing experience in investment and engagement with Japanese companies and a proven track record of enhancing corporate value through constructive dialogues between shareholders and companies”

Kazutaka Mizuochi

“having extensive experience as an international attorney and a track record of promoting management reforms at many Japanese companies through capital markets”

Results of Nomination/Remuneration Committee’s Information Gathering and Interviews

- **The Company sent questionnaires to the proposing shareholder requesting a detailed explanation of the matters above, but their reply stated only that these matters were as discussed in the shareholder proposal documents, and thus, it was not possible to provide an explanation regarding specific strategies for enhancing the Company’s corporate value.**
- **The candidates have insufficient independence to serve as outside directors, as the candidates simultaneously will be subject to a duty of due care to the Company as outside directors and to their job duties and obligations to the investment funds of which they are members, leading to unavoidable conflicts of interest.**
- **Interviews conducted with the two (2) candidates by the Company’s Nomination/Remuneration Committee have yielded no specific recommendations for strategies to enhance the Company’s corporate value, nor any replies which meaningfully eliminate the concerns regarding their independence (as a result, it appears that Dalton Parties have made the shareholder proposal as part their strategies to induce the Company into an MBO/delisting, while creating an opportunity for them to exit).**

Overview of Company Board of Directors Resolutions Against Proposal 5

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The Company’s proposed director candidates are optimal for enhancing the Company’s corporate value

- The Company’s decisions regarding director candidates were made following identification of the skills required for management of the Company and following deliberations by the Nomination/Remuneration Committee, which is chaired by an independent outside director and has independent outside directors as a majority of its members.
- If the Company’s proposals are approved, the Board of Directors will be composed, with an appropriate number of members, in a manner that takes into account a balanced mix of personnel capable of demonstrating strengths in the management of each business area, as well as those suited for management oversight and the maintenance and enhancement of compliance.

The two (2) shareholder-proposed candidates represent the interests of Dalton Parties and are totally uninterested in strategies for enhancing the Company’s corporate value

- The two (2) candidates are officers or employees of Dalton Parties. As such, they represent the interests of the specific shareholder and therefore could create a conflict of interest with general shareholders.
- Dalton Parties have no specific strategy for enhancing the Company’s corporate value, and it is doubtful that the shareholder-proposed director candidates have sufficient understanding of or interest in the business operations or managerial decisions of the Company.

Dalton Parties indicated their intent to appoint directors to the Company while proposing an MBO/delisting in the past

- It is possible that Dalton Parties intend to use the appointment of director candidates or other such methods to realize an MBO, etc., in pursuit of their own short-term profits and exit opportunities.
- In fact, there are multiple cases confirmed in which Dalton Parties have appointed individuals related to Dalton Parties as outside directors of other companies in which they have holdings, and then effected delistings of those companies to bring about an exit.

In light of the Nomination/Remuneration Committee’s report,

the Company’s Board of Directors opposes Proposal 5

Reference Material 1: Company Board of Directors Skill Matrix (if Proposals 2 and 3 are approved)

As a “Comfortable Environment Solution Group”, the Company’s mission is to contribute to social development and realize people’s happiness through human-, social-, and environment-friendly “diverse manufacturing” and their “services.”
With respect to the composition of the Board of Directors, from the perspective of achieving the above long-term vision and ensuring diversity and expertise within the Board, the Company appoints, in addition to internal members who are well-versed in its business, individuals with management experience at other companies and experts in fields such as law, finance, digital technology development, DX promotion, and accounting.
The Company has identified the skills necessary for its management, taking into account an appropriate balance of personnel capable of demonstrating strengths in the management of each business area, as well as those suited for management oversight and the maintenance and enhancement of corporate governance.

Name	Toshihiko Shiozaki	Hiroyuki Ogura	Mitsuru Mita	Haruhiko Ichikawa	Tadahito Ohoka	Nobuki Goto	Reiko Kusunose	Sumie Morita	Kayo Murakami	Motoi Uesaka	Shozo Fujita	Kazufumi Abe	Yoshihiko Hayasaka	Junko Taki
Position, Title, Responsibilities	Representative Director, Chairman	Representative Director, President, CEO	Director Managing Operating Officer	Director Managing Operating Officer	Director Senior Operating Officer	Director	Director	Director	Director	Director Full-time Audit and Supervisory Committee member	Director Audit and Supervisory Committee member	Director Audit and Supervisory Committee member	Director Audit and Supervisory Committee member	Director Audit and Supervisory Committee member
	Chair of the Board (Overall group)	(Overall management)	Sales, design and construction	Business, group, overseas operations	Manufacturing, new businesses, product development	(Independent officer)	(Independent officer)	(Independent officer)	(Independent officer)	Chair of the Audit and Supervisory Committee	Chair of the Nomination/Remuneration Committee (Independent officer)	(Independent officer)	(Independent officer)	(Independent officer)
Corporate management	○	○	○	○	○	○	○	○	○		○		○	
Industry knowledge	○	○	○	○	○		○			○			○	
Governance, risk management, internal controls	○	○		○						○	○	○	○	○
HR, talent development, social issues	○	○		○			○	○	○	○	○	○		○
Accounting, finance, M&As, engagement	○	○		○		○	○					○		○
Sales, marketing	○	○	○						○				○	
Product development, quality control, production, procurement	○				○			○	○			○		
International experience, overseas business				○			○	○			○			○
Digital technology development, DX promotion				○				○	○	○				

Note: This chart does not represent all of the knowledge or experience possessed by each person.

Reference Material 2: Governance Structure Changes (Changes in the Percentages of Independent Directors and Female Directors)

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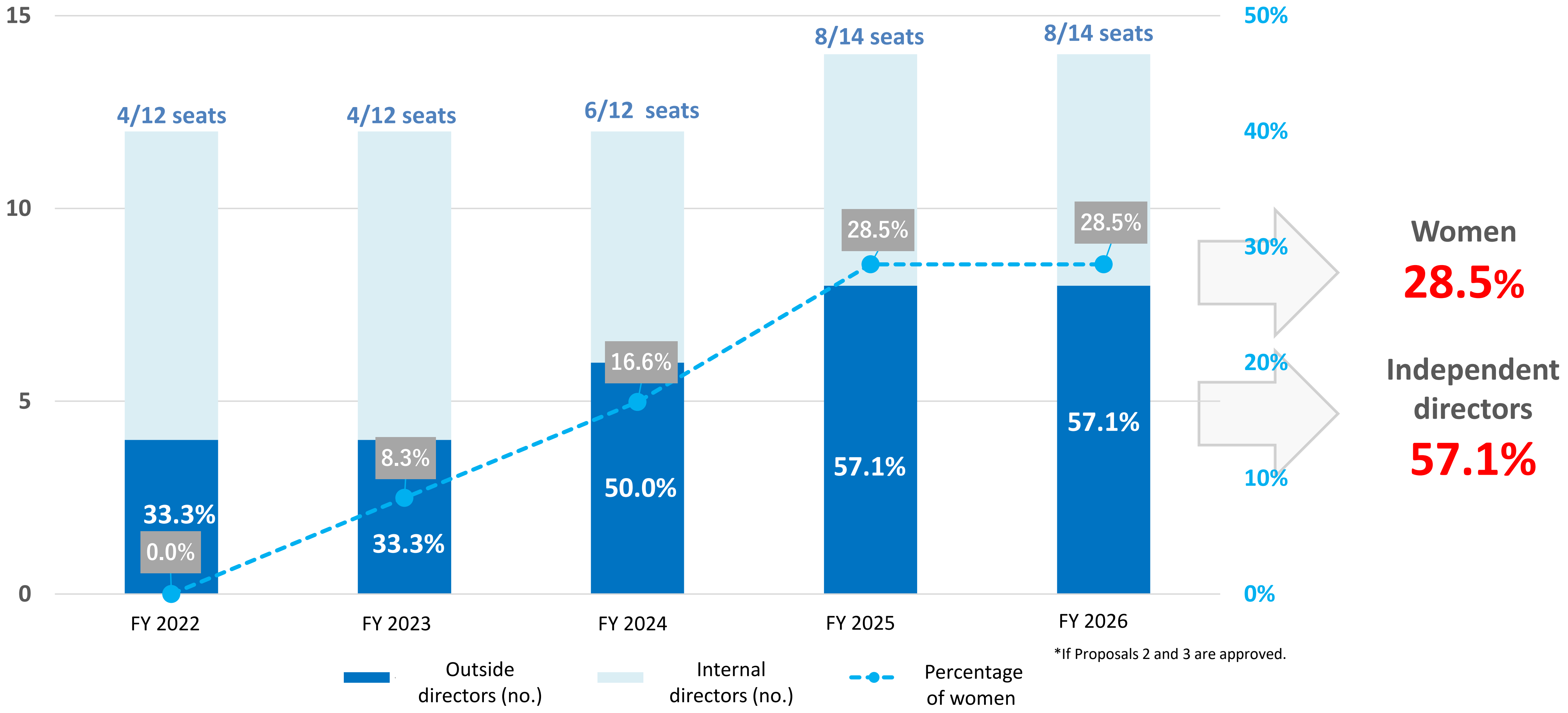
Since transitioning to a company with an Audit and Supervisory Committee in FY 2017, the Company has built and continually developed an effective management oversight framework.



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