

*This document has been translated from the Japanese original for the convenience of non-Japanese shareholders.
In the event of any discrepancy between this document and the Japanese original, the original shall prevail.*

Securities code: 3106

June 8, 2026

To our shareholders:

Shinji Nishigaki

President

KURABO INDUSTRIES LTD.

7-1, Honmachi, Kurashiki, Okayama

(Osaka Head Office: 4-31, 2-chome, Kyutaro-machi, Chuo-ku, Osaka)

NOTICE OF THE 218th ORDINARY GENERAL MEETING OF SHAREHOLDERS

We hereby announce the 218th Ordinary General Meeting of Shareholders of KURABO INDUSTRIES LTD. (the “Company”), which will be held as indicated below.

In convening this Ordinary 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. in electronic format (electronic provision measures matters) and posted them as the “NOTICE OF THE 218th ORDINARY GENERAL MEETING OF SHAREHOLDERS and informational materials for the general meeting of shareholders” on the Company’s website. Please access the Company’s website below to confirm the information.

The Company website:

<https://www.kurabo.co.jp/ir/shareholdersmeeting/> (in Japanese)

In addition to the Company’s website above, electronic provision measures matters are also made available on each of the following websites.

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

<https://d.sokai.jp/3106/teiji/> (in Japanese)

Tokyo Stock Exchange (TSE) website (Listed Company Search):

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

(To confirm the information at the TSE website (Listed Company Search), please access the URL above, enter or search for the issue name (company name) or securities code, and select “Basic information” and “Documents for public inspection/PR information.”)

Given that you are able to exercise your voting rights beforehand without attending the meeting by doing so in writing or via the Internet, etc. **please take all possible efforts to exercise your voting rights beforehand.** When exercising your votes beforehand, the Company asks you to review the Reference Documents for the Ordinary General Meeting of Shareholders, read the Instructions for exercising voting rights on page 4, and **exercise your voting rights by 6:00 p.m., Thursday, June 25, 2026 (Japan Standard Time).**

Meeting Details

1. Date and Time: Friday, June 26, 2026 at 10:00 a.m. (Japan Standard Time)
(Reception starts at 9:00 a.m.)

2. Venue: KURASHIKI IVY SQUARE
7-2, Honmachi, Kurashiki, Okayama

3. Purposes:

Matters to be reported:

1. Business Report and Consolidated Financial Statements for the 218th fiscal year (from April 1, 2025 to March 31, 2026) and Reports of Audit on the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
2. Non-Consolidated Financial Statements for the 218th fiscal year (from April 1, 2025 to March 31, 2026)

Matters to be resolved:

<Company Proposals (Proposals 1 through 4)>

- Proposal 1:** Appropriation of Surplus for the 218th Fiscal Year
Proposal 2: Partial Amendments to the Articles of Incorporation
Proposal 3: Election of Six (6) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
Proposal 4: Election of Four (4) Directors Who Are Audit and Supervisory Committee Members

<Shareholder Proposals (Proposals 5 and 6)>

- Proposal 5:** Amendment to the Articles of Association concerning Measures against Large-scale Acquisitions of the Company's Shares (Takeover Defence Measures)
Proposal 6: Abolishment of the Measures against Large-scale Acquisitions of the Company's Shares (Takeover Defence Measures)

The details of the shareholder proposals (Proposals 5 and 6) are as described in the "Reference Documents for the Ordinary General Meeting of Shareholders."

Proposals 5 and 6 are proposals submitted by shareholders.

The Board of Directors opposes all of these shareholder proposals.

The opinion of the Company's Board of Directors is as described in the "Reference Documents for the Ordinary General Meeting of Shareholders."

4. Other Matters Concerning the Meeting:

- (1) On the Voting Form returned to the Company, If you do not indicate your approval or disapproval of the proposals, the Company will assume that you have voted "in favor of" the Company proposals and "against" the shareholder proposals.
- (2) If you exercise your voting rights more than once via the Internet, etc. the last exercise will be deemed valid.
- (3) If you exercise your voting rights both by mail and via the Internet, etc. the one exercised via the Internet, etc. will be deemed valid.
- (4) In the event that you exercise your voting rights diversely, you are required to send notice providing the details and reasons. Please note that you must ensure the notice arrives three (3) days prior to the day of the Ordinary General Meeting of Shareholders.

- * For those attending, please present the voting form sent out with this Notice at the reception desk on arrival at the meeting.
- * In the event that any revision is made to an electronic provision measures matter, a statement to that effect, and the matter before and after the revision will be posted on each of the above website on the Internet.

Instructions for exercising voting rights

To institutional investors
Institutional investors may use the
“Electronic Platform to Exercise Voting
Rights” operated by ICJ, Inc.

Exercising voting rights by mail

**Deadline: To be valid, votes must be received by 6:00 p.m., Thursday, June 25, 2026
(Japan Standard Time)**

Please indicate your vote of approval or disapproval of each proposal on the voting form sent out with this Notice, and return the form to us.

If you do not indicate your approval or disapproval of the proposals, the Company will assume that you have voted “in favor of” the Company proposals and “against” the shareholder proposals.

Exercising voting rights via the Internet

**Deadline: To be valid, votes must be received by 6:00 p.m., Thursday, June 25, 2026
(Japan Standard Time)**

Please indicate your vote of approval or disapproval of each proposal through the voting website.

If you exercise your voting rights more than once via the Internet using a PC and a smartphone, etc., the last vote will be deemed valid.

- If you exercise your voting rights both by mail and via the Internet, etc. the one exercised via the Internet, etc. will be deemed valid.
- In the event that you exercise your voting rights diversely, you are required to send notice providing the details and reasons. Please note that you must ensure the notice arrives three (3) days prior to the day of the Ordinary General Meeting of Shareholders.

**Instructions for Accessing Streamed Video
After the 218th Ordinary General Meeting of Shareholders**

The matters reported on the day of the Ordinary General Meeting of Shareholders and other such content will be made available in video streaming format for a certain period of time via the Company's website (link below) as soon as possible upon conclusion of the meeting and once preparations are made.

We appreciate your understanding with respect to our need to film the meeting proceedings, and furthermore hope that shareholders who do not attend in person on the meeting day will take advantage of this access.

The Company's website (<https://www.kurabo.co.jp/ir/shareholdersmeeting/>) (in Japanese)

<Period of online availability>

From July 9, 2026, until October 30, 2026 (tentative)

Note: The period of online availability is subject to change due to certain circumstances.

<Notes>

- Shareholders are to assume all costs and charges incurred for online access to the content.
- Please note that we will take steps to ensure privacy and avoid filming shareholders in attendance when filming the meeting, and accordingly intend to edit the streamed video in cases where shareholders inadvertently appear in the footage.
- Online availability of the meeting footage is subject to change or cancellation due to certain circumstances.
- The streamed video to be posted after the meeting will be offered in Japanese only.

Reference Documents for the Ordinary General Meeting of Shareholders

Proposals and Reference Matters

<Company Proposals (Proposals 1 through 4)>

Proposal 1: Appropriation of Surplus for the 218th Fiscal Year

The Company regards the return of profits to its shareholders as one of its key priorities, and continuous and stable distribution of dividend is basic policy.

The Company has set a target dividend on equity ratio (DOE) of 4% for the period of the medium-term management plan “Accelerate ’27” (April 2025 to March 2028).

In accordance with the above policy, the year-end dividend for the 218th fiscal year is proposed to be ¥166.00 per share as follows. Accordingly, including the interim dividend of ¥141.00 per share, the annual dividend for the 218th fiscal year will be ¥307.00 per share, a ¥127.00 increase compared with the annual dividend for the previous fiscal year.

Note: The dividend on equity ratio (DOE) is calculated by using the average of the beginning and ending balances of “shareholders’ equity plus accumulated other comprehensive income” as presented in the Consolidated Financial Statements as the denominator.

Matters concerning the year-end dividend

- i) Type of dividend property:
Cash
- ii) Allocation of dividend assets to be paid to shareholders and total dividend amount:
¥166.00 per share of common stock of the Company
Total amount: ¥2,685,513,472
- iii) Effective date of dividends from surplus:
June 29, 2026

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the proposal

- (1) The Company intends to make amendments and additions to its business purposes stated in Article 2 (Purpose) of the current Articles of Incorporation in order to clarify its business scope based on the current business operations and respond to increasingly diversifying business activities in the future.
- (2) The Company intends to delete Articles 1 and 2 of the supplementary provisions of the current Articles of Incorporation as 10 years have passed since the Company transitioned to a company with an audit and supervisory committee, and the exemption from liability and other matters set forth in these supplementary provisions have become no longer necessary.

2. Details of the amendments

The details of the amendment are as follows:

(Underlined portions are amended.)

Current Articles of Incorporation	Proposed amendments
(Purpose) Article 2. The purpose of the Company shall be to engage in the following business: (1)–(3) <Omitted> (4) Manufacture, repair <u>and</u> sale of various kinds of medical appliances and instruments; (5) Manufacture <u>and</u> sale of biochemical products; <Newly established> (6)–(15) <Omitted>	(Purpose) Article 2. <Not changed> (1)–(3) <Not changed> (4) Manufacture, repair, <u>sale, and marketing</u> of various kinds of medical appliances and instruments; (5) Manufacture, <u>sale, and marketing</u> of <u>in-vitro diagnostics and</u> biochemical products; (6) <u>Gene analysis and other physicochemical analyses, and specimen testing</u> (7)–(16) <Not changed>

Current Articles of Incorporation	Proposed amendments
<u><Supplementary provisions></u>	<Deleted>
<u>Article 1.</u> <u>The Company may give exemption from liability of Directors (including former Directors) under Article 423 (1) of the Companies Act concerning their acts before the conclusion of the 208th ordinary General Meeting of Shareholders by a resolution of the Board of Directors after obtaining the consent of each Audit and Supervisory Committee Member to the extent of the amount prescribed in the applicable laws and regulations.</u>	<Deleted>
<u>Article 2.</u> <u>1. The Company may give exemption from liability of Auditors (including former Auditors) under Article 423 (1) of the Companies Act concerning their acts before the conclusion of the 208th ordinary General Meeting of Shareholders by a resolution of the Board of Directors to the extent of the amount prescribed in the applicable laws and regulations.</u> <u>2. Agreements to limit the liability of Outside Auditors (including former Outside Auditors) under Article 423 (1) of the Companies Act concerning their acts before the conclusion of the 208th ordinary General Meeting of Shareholders shall continue to be governed by Article 33, paragraph 2 of the Articles of Incorporation before the amendment pursuant to the resolution at the same ordinary General Meeting of Shareholders.</u>	<Deleted>

Proposal 3: Election of Six (6) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

As the term of office of all seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members; the same shall apply hereinafter in this proposal) is to expire at the conclusion of this Ordinary General Meeting of Shareholders, the Company proposes to elect six (6) Directors.

The candidates for Director are as follows.

Nomination of the candidates for Director has been decided based on reports from the Nomination and Remuneration Advisory Committee, which the Company voluntarily established.

No.	Name	Current positions and areas of responsibility in the Company	Board of Directors Meeting Attendance
1	Haruya Fujita Reelection	Representative Director, Chairman of the Board	14/14 (100%)
2	Shinji Nishigaki Reelection	Representative Director, President	14/14 (100%)
3	Kenshi Kawano Reelection	Director, Managing Executive Officer Responsibility General Manager, Advanced Technology Division	14/14 (100%)
4	Masatake Nakagawa Reelection	Director, Managing Executive Officer Responsibility General Manager, Textile Business Division	11/11 (100%)
5	Kazuo Matsui Reelection	Director, Executive Officer Responsibility Officer in charge of Managerial Planning Department, Intellectual Property Department and Technical Research Laboratory, and Manager, Managerial Planning Department	11/11 (100%)
6	Takayuki Hirayama New election	Executive Officer Responsibility Manager, Chemical Products Sales Department, Tokyo Branch, Chemical Products Division	—

Note: Regarding the Board of Director Meeting attendance of Mr. Masatake Nakagawa and Mr. Kazuo Matsui, the total number of Board of Director Meetings counted is different from that of other candidates for Director because they were elected for Directors at the Ordinary General Meeting of Shareholders held on June 25, 2025.

1 Haruya Fujita		Date of birth: July 26, 1958		Reelection
Number of the Company's shares held	Special interest with the Company	Important concurrent positions	Board of Directors Meeting Attendance	
18,500 shares	None	None	14/14	
<u>Career summary</u> <u>(positions and areas of responsibility in the Company)</u>		Reasons for appointing as a candidate for Director		
Apr. 1983	Joined the Company	Mr. Haruya Fujita assumed the position of Director of the Company in June 2012. As Representative Director and President since June 2014, and as Representative Director and Chairman of the Board since June 2024, he has facilitated the enhancement of corporate value through the supervision of corporate governance and other activities. The Company has appointed Mr. Fujita as a candidate for Director, judging that he is a talented individual who is capable of continuing to manage the whole Group appropriately as a Director to contribute to the further enhancement of corporate value.		
Apr. 2008	Manager, KAMOGATA Plant of the Company			
Jun. 2010	Manager, Chemical Products Administration Department, Chemical Products Division of the Company			
Jun. 2012	Director, Executive Officer of the Company			
Jun. 2013	Director, Managing Executive Officer of the Company			
Jun. 2014	Representative Director, President of the Company			
Jun. 2024	Representative Director, Chairman of the Board of the Company (to present)			

2 Shinji Nishigaki		Date of birth: July 11, 1962		Reelection
Number of the Company's shares held	Special interest with the Company	Important concurrent positions	Board of Directors Meeting Attendance	
4,600 shares	None	None	14/14	
<u>Career summary</u> <u>(positions and areas of responsibility in the Company)</u>		Reasons for appointing as a candidate for Director		
Apr. 1986	Joined the Company	Mr. Shinji Nishigaki assumed the position of Director of the Company in June 2023, and as Representative Director and President since June 2024 he has demonstrated outstanding management capability, facilitating the enhancement of corporate value. The Company has appointed Mr. Nishigaki as a candidate for Director, judging that he is a talented individual who is capable of continuing to manage the whole Group appropriately as a Director to contribute to the further enhancement of corporate value.		
Jun. 2014	Manager, Industrial Materials Sales Department, Chemical Products Division of the Company			
Apr. 2018	Manager, Industrial Materials Sales Department, Chemical Products Division and Manager, KUMAMOTO Office (currently Kumamoto Innovation Center) of the Company			
Jun. 2018	Executive Officer of the Company			
Jun. 2022	Managing Executive Officer of the Company			
Jun. 2023	Director, Managing Executive Officer of the Company			
Jun. 2024	Representative Director, President of the Company (to present)			

3 Kenshi Kawano		Date of birth: March 19, 1962	Reelection
Number of the Company's shares held	Special interest with the Company	Important concurrent positions	Board of Directors Meeting Attendance
6,800 shares	None	None	14/14

Career summary (positions and areas of responsibility in the Company)		Reasons for appointing as a candidate for Director
Apr. 1985	Joined the Company	Mr. Kenshi Kawano assumed the position of Director of the Company in June 2017, and since then he has drawn on his wealth of experience and knowledge in all aspects of advanced technology business as the Director in charge of advanced technology business, facilitating the enhancement of corporate value. The Company has appointed Mr. Kawano as a candidate for Director, judging that he is a talented individual who is capable of continuing to manage the whole Group appropriately as a Director to contribute to the further enhancement of corporate value.
Apr. 2011	Manager, Hong Kong Branch of the Company and President of Kurabo Denim (HK) Limited	
Sep. 2013	Manager, Hong Kong Branch of the Company	
Apr. 2014	Assistant to Manager, Managerial Planning Department of the Company	
Jun. 2014	Executive Officer of the Company	
Jun. 2017	Director, Executive Officer of the Company	
Jun. 2020	Director, Managing Executive Officer of the Company (to present)	
(General Manager, Advanced Technology Division)		

4 Masatake Nakagawa		Date of birth: October 7, 1962	Reelection
Number of the Company's shares held	Special interest with the Company	Board of Directors Meeting Attendance	
6,500 shares	None	11/11	

Important concurrent positions		
Representative Director and President of KURABO INTERNATIONAL Co., Ltd.		
Career summary (positions and areas of responsibility in the Company)		Reasons for appointing as a candidate for Director
Apr. 1985	Joined the Company	Mr. Masatake Nakagawa assumed the position of Director of the Company in June 2025, and since then he has drawn on his wealth of experience and knowledge in all aspects of the textile business as the Director in charge of the textile business, facilitating the enhancement of corporate value. The Company has appointed Mr. Nakagawa as a candidate for Director, judging that he is a talented individual who is capable of continuing to manage the whole Group appropriately as a Director to contribute to the further enhancement of corporate value.
Oct. 2006	Manager, Textile Sales Department, Tokyo Branch of the Company	
Jun. 2017	Executive Officer of the Company Manager, Overseas Business, Textile Business Division of the Company	
Jun. 2021	Managing Executive Officer of the Company	
May 2024	Representative Director and President, KURABO INTERNATIONAL Co., Ltd. (to present)	
Jun. 2025	Director, Managing Executive Officer of the Company (to present)	
(General Manager, Textile Business Division)		

5 Kazuo Matsui		Date of birth: January 18, 1963		Reelection
Number of the Company's shares held	Special interest with the Company	Important concurrent positions	Board of Directors Meeting Attendance	
2,600 shares	None	None	11/11	
<u>Career summary</u> <u>(positions and areas of responsibility in the Company)</u>		Reasons for appointing as a candidate for Director		
Apr. 1985	Joined the Company	Mr. Kazuo Matsui assumed the position of Director of the Company in June 2025, and since then he has drawn on his wealth of experience and knowledge in managerial planning, intellectual property strategy and R&D as the Director in charge of managerial planning, intellectual property and the Technical Research Laboratory, facilitating the enhancement of corporate value. The Company has appointed Mr. Matsui as a candidate for Director, judging that he is a talented individual who is capable of continuing to manage the whole Group appropriately as a Director to contribute to the further enhancement of corporate value.		
Jun. 2018	Executive Officer of the Company Manager, Managerial Planning Department and Assistant to Manager, Technical Research Laboratory of the Company			
Jun. 2025	Director, Executive Officer of the Company (to present) Manager, Managerial Planning Department of the Company (to present)			
(Officer in charge of Managerial Planning Department, Intellectual Property Department and Technical Research Laboratory, and Manager, Managerial Planning Department)				

6 Takayuki Hirayama		Date of birth: July 13, 1967		New election
Number of the Company's shares held	Special interest with the Company	Important concurrent positions	Board of Directors Meeting Attendance	
1,000 shares	None	None	—	
<u>Career summary</u> <u>(positions and areas of responsibility in the Company)</u>		Reasons for appointing as a candidate for Director		
Apr. 1990	Joined the Company	Mr. Takayuki Hirayama has experience and a proven track record in business promotion related to all aspects of the chemical products business, having been responsible for manufacturing and technical development in the chemical products business for many years, and also involved in the management of an overseas subsidiary. We have nominated him as a candidate for Director because we believe that he is capable of appropriately managing the entire Group as a Director and of helping to enhance corporate value by making the most of his experience and accomplishments.		
Apr. 2013	Manager, GUNMA Plant of the Company			
Jun. 2019	Manager, Chemical Products Technical Administration Department, Chemical Products Division of the Company			
Apr. 2023	Chairman and General Manager of Guangzhou Kurabo Chemicals Co., Ltd.			
May 2025	Manager, Chemical Products Sales Department, Tokyo Branch, Chemical Products Division of the Company (to present)			
Jun. 2025	Executive Officer of the Company (to present)			
(Manager, Chemical Products Sales Department, Tokyo Branch, Chemical Products Division)				

Note: The Company has entered into a directors and officers liability insurance (D&O insurance) policy as provided for in Article 430-3, paragraph 1 of the Companies Act with an insurance company. The individuals in this proposal, comprising Mr. Haruya Fujita, Mr. Shinji Nishigaki, Mr. Kenshi Kawano, Mr. Masatake Nakagawa and Mr. Kazuo Matsui, each of whom is currently a Director of the Company, are included in the policy as insureds. Under this insurance policy, compensation for damages and litigation expenses, etc. for which those insured become responsible as a result of claims for damages arising from their actions performed as Directors (including nonfeasance) will be covered, and the Company pays all insurance premiums for those insured. In the event that the re-election of them is approved under this proposal, they will remain insured under said insurance policy. If the appointment of Mr. Takayuki Hirayama is approved, he will be insured under said insurance policy. The aforementioned insurance policy is scheduled to be renewed with the same terms and conditions in July 2026.

Opinion of the Audit and Supervisory Committee

The Audit and Supervisory Committee was involved in the election and remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members, hereinafter the same) of the Company, with all Audit and Supervisory Committee Members attending at the Nomination and Remuneration Advisory Committee for voicing opinions and reviewing matters including the contents of the report from the Nomination and Remuneration Advisory Committee to the Board of Directors.

The election as well as remuneration of Directors has been proposed, deliberated and decided in line with the Kurabo Corporate Governance Guidelines. It is believed that the procedures for making decisions on the election as well as remuneration of Directors were appropriate while the detail and contents thereof were reasonable.

Proposal 4: Election of Four (4) Directors Who Are Audit and Supervisory Committee Members

As the term of office of Directors Mr. Osamu Okada, Mr. Teppei Mogi, Mr. Daisuke Shinkawa and Mr. Motohide Nishimura are to expire at the conclusion of this Ordinary General Meeting of Shareholders, the Company proposes to elect four (4) Directors who are an Audit and Supervisory Committee Members.

The candidates for Directors who are an Audit and Supervisory Committee Members are as follows.

Nomination of the candidate for Directors who are an Audit and Supervisory Committee Members has been decided based on reports from the Nomination and Remuneration Advisory Committee, which the Company voluntarily established. With respect to the submission of this proposal to this Ordinary General Meeting of Shareholders, prior consent has been obtained from the Audit and Supervisory Committee.

No.	Name	Current positions and areas of responsibility in the Company	Board of Directors Meeting Attendance	Audit and Supervisory Committee Meeting Attendance
1	Osamu Okada Reelection	Director (Full-time Audit and Supervisory Committee Member)	14/14 (100%)	14/14 (100%)
2	Daisuke Shinkawa Reelection Outside Independent	Outside Director (Audit and Supervisory Committee Member)	14/14 (100%)	14/14 (100%)
3	Motohide Nishimura Reelection Outside Independent	Outside Director (Audit and Supervisory Committee Member)	14/14 (100%)	14/14 (100%)
4	Yuri Kawashima New election Outside Independent	—	—	—

Note: Ms. Yuri Kawashima's name on the family register is Ms. Yuri Nonaka.

1	Osamu Okada	Date of birth: October 21, 1960	Reelection	
Number of the Company's shares held		Special interest with the Company	Board of Directors Meeting Attendance	Audit and Supervisory Committee Meeting Attendance
10,000 shares		None	14/14	14/14
Important concurrent positions				
None				
Career summary (positions and areas of responsibility in the Company)			Reasons for appointing as a candidate for Director (Audit and Supervisory Committee Member)	
Apr. 1984	Joined the Company		Mr. Osamu Okada assumed the position of Director (Full-time Audit and Supervisory Committee Member) of the Company in June 2016, and as a Full-time Audit and Supervisory Committee Member, has enhanced the effectiveness of audit by cooperating with Auditing Department, properly auditing and supervising the execution of duties by Directors. The Company has appointed Mr. Okada as a candidate for Director (Audit and Supervisory Committee Member), judging that he is a talented individual who is capable of continuing to carry out his duties in an appropriate manner as a Director (Audit and Supervisory Committee Member).	
Jun. 2010	Manager, Personnel Department of the Company			
Jun. 2012	Executive Officer of the Company			
Jun. 2016	Director (Full-time Audit and Supervisory Committee Member) of the Company (to present)			

2	Daisuke Shinkawa	Date of birth: April 28, 1964	Reelection	Outside	Independent
Number of the Company's shares held	Special interest with the Company	Board of Directors Meeting Attendance	Audit and Supervisory Committee Meeting Attendance		
0 shares	None	14/14	14/14		
Important concurrent positions					
Outside Director (Audit and Supervisory Committee Member) of SHIMA SEIKI MFG., LTD. Representative partner of Hokuto & Co.					
Career summary (positions and areas of responsibility in the Company)			Reasons for appointing as a candidate for Outside Director (Audit and Supervisory Committee Member) and overview of the role expected to be performed		
May 1991	Registered as a certified public accountant		Although in the past Mr. Daisuke Shinkawa has not been involved in the management of a company in a manner other than serving as an outside director or outside auditor, he has a wealth of experience and high level of accounting knowledge as a certified public accountant. The Company believes that he remains capable of properly auditing and supervising the execution of duties by Directors and Executive Officers from an objective perspective that is independent from senior executives as an Outside Director (Audit and Supervisory Committee Member), and of contributing to active management of the business aimed at enhancing corporate value. In addition, the Company has appointed him as a candidate for Outside Director (Audit and Supervisory Committee Member), believing that he will continue to contribute in his role as a member of the Nomination and Remuneration Advisory Committee to ensuring the objectivity and transparency with which the nomination and remuneration of officers is determined, and strengthening accountability.		
Aug. 1991	Registered as a certified tax accountant				
Apr. 2002	Established Hokuto & Co. Partner of Hokuto & Co.				
Jan. 2003	Representative partner of Hokuto & Co. (to present)				
Jun. 2012	Outside Corporate Auditor of SHIMA SEIKI MFG., LTD.				
Jun. 2016	Director (Audit and Supervisory Committee Member) of the Company (to present)				
Jun. 2020	Outside Director (Audit and Supervisory Committee Member) of SHIMA SEIKI MFG., LTD. (to present)				
Matters regarding independence					
Mr. Daisuke Shinkawa meets the requirements of our internal regulation of “Criteria for Independence of Outside Directors” and of an Independent Director/Auditor pursuant to Article 436-2 of the Securities Listing Regulation of the Tokyo Stock Exchange. Therefore, the Company has judged that he is an Outside Director who is unlikely to have a conflict of interest with general shareholders.					

3	Motohide Nishimura	Date of birth: July 6, 1955	Reelection	Outside	Independent
Number of the Company's shares held		Special interest with the Company	Board of Directors Meeting Attendance	Audit and Supervisory Committee Meeting Attendance	
0 shares		None	14/14	14/14	
Important concurrent positions					
Representative Director, President of SENSHU ELECTRIC CO., LTD.					
Career summary (positions and areas of responsibility in the Company)			Reasons for appointing as a candidate for Outside Director (Audit and Supervisory Committee Member and overview of the role expected to be performed		
Apr. 1978	Joined Okasan Securities Co., Ltd.		Mr. Motohide Nishimura has an experience of being engaged in management for many years. The Company believes that he remains capable of properly auditing and supervising the execution of duties by Directors and Executive Officers from an objective perspective that is independent from senior executives as an Outside Director (Audit and Supervisory Committee Member), and of contributing to active management of the business aimed at enhancing corporate value. In addition, the Company has appointed him as a candidate for Outside Director (Audit and Supervisory Committee Member), believing that he will continue to contribute in his role as a member of the Nomination and Remuneration Advisory Committee to ensuring the objectivity and transparency with which the nomination and remuneration of officers is determined, and strengthening accountability.		
Aug. 1995	Advisor of SENSHU ELECTRIC CO., LTD.				
Jan. 1996	Director, Deputy General Manager of Marketing Div. and International Div. of SENSHU ELECTRIC CO., LTD.				
Jan. 1997	Managing Director, Deputy General Manager of Administration Div. of SENSHU ELECTRIC CO., LTD.				
Jan. 1998	Senior Managing Director, General Manager of Marketing Div. and Marketing Administration Div. of SENSHU ELECTRIC CO., LTD.				
Jan. 2000	Representative Director, President of SENSHU ELECTRIC CO., LTD. (to present)				
Jun. 2018	Director (Audit and Supervisory Committee Member) of the Company (to present)				
Matters regarding independence					
Mr. Motohide Nishimura meets the requirements of our internal regulation of “Criteria for Independence of Outside Directors” and of an Independent Director/Auditor pursuant to Article 436-2 of the Securities Listing Regulation of the Tokyo Stock Exchange. Therefore, the Company has judged that he is an Outside Director who is unlikely to have a conflict of interest with general shareholders.					

4	Yuri Kawashima	Date of birth: June 4, 1978	New election	Outside	Independent
Number of the Company's shares held	Special interest with the Company	Board of Directors Meeting Attendance	Audit and Supervisory Committee Meeting Attendance		
0 shares	None	—	—		
Important concurrent positions					
Partner of Oh-Ebashi Law Firm					
Career summary (positions and areas of responsibility in the Company)			Reasons for appointing as a candidate for Outside Director (Audit and Supervisory Committee Member) and overview of the role expected to be performed		
Oct. 2004	Registered as an attorney at law Joined Oh-Ebashi LPC & Partners		Although in the past Ms. Yuri Kawashima has not been involved in the management of a company, she has been engaged in corporate legal affairs for many years as an attorney at law. The Company believes that she is capable of properly auditing and supervising the execution of duties by Directors and Executive Officers from an objective perspective that is independent from senior executives as an Outside Director (Audit and Supervisory Committee Member) and of contributing to active management of the business aimed at enhancing corporate value. In addition, the Company has appointed her as a candidate for Outside Director (Audit and Supervisory Committee Member), believing that she will contribute in her role as a member of the Nomination and Remuneration Advisory Committee to ensuring the objectivity and transparency with which the nomination and remuneration of officers is determined, and strengthening accountability.		
Sep. 2010	Service at Zuber & Taillieu LLP (Los Angeles)				
Apr. 2011	Service at LCT Lawyers (Ho Chi Minh City)				
Oct. 2011	Registered as attorney at law in the State of New York, USA				
Jan. 2015	Partner of Oh-Ebashi Law Firm (to present)				
Matters regarding independence					
Ms. Yuri Kawashima meets the requirements of our internal regulation of “Criteria for Independence of Outside Directors” and of an Independent Director/Auditor pursuant to Article 436-2 of the Securities Listing Regulation of the Tokyo Stock Exchange. Therefore, the Company has judged that she is an Outside Director who is unlikely to have a conflict of interest with general shareholders.					
The Company has not entered into an advisory agreement with Oh-Ebashi Law Firm where Ms. Kawashima is a partner. While the Company receives advice on individual deals based on the expert knowledge of said law firms, an attorney at law other than Ms. Kawashima is in charge of the Company. Moreover, the ratio of the total remuneration amount that said law firms receive to the Company’s average payment amount in the last three fiscal years is less than 0.1% of the law firms’ total annual received remuneration in each fiscal year. As that does not exceed the limit of 2% of the total annual remuneration amount received as stipulated in the Company’s “Criteria for Independence of Outside Directors,” these relations will have no effect on her independence.					

- Notes:
1. Matters regarding Outside Directors
 - (i) Mr. Daisuke Shinkawa, Mr. Motohide Nishimura and Ms. Yuri Kawashima are candidates for Outside Director.
If the re-election of Mr. Daisuke Shinkawa and Mr. Motohide Nishimura is approved, the Company will continue to register them as Independent Directors/Auditors with the Tokyo Stock Exchange. If the election of Ms. Yuri Kawashima is approved, the Company will newly designate her as an Independent Officer and register her with the Tokyo Stock Exchange.
Our regulation of “Criteria for Independence of Outside Directors” is provided on Reference Documents for the Ordinary General Meeting of Shareholders.
 - (ii) Mr. Daisuke Shinkawa and Mr. Motohide Nishimura are currently Outside Directors (Audit and Supervisory Committee Members) of the Company. Their terms of office at the conclusion of this Ordinary General Meeting of Shareholders will be as follows:

Mr. Daisuke Shinkawa	10 years
Mr. Motohide Nishimura	8 years
 - (iii) Mr. Daisuke Shinkawa intends to retire from his position as Outside Director (Audit and Supervisory Committee Member) of SHIMA SEIKI MFG., LTD on June 25, 2026.
 2. Liability limitation agreement with Directors who do not execute business (Outside Directors)
Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company has currently entered into an agreement with Outside Directors Mr. Daisuke Shinkawa and Mr. Motohide Nishimura to limit their liability for damages under Article 423, paragraph 1 of the same Act. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for by the applicable laws and regulations. If the re-election of Mr. Shinkawa and Mr. Nishimura is approved, the Company will continue the said agreement with them. If the election of Ms. Yuri Kawashima is approved, the Company plans to enter into a similar liability limitation agreement with her.
 3. Directors and officers liability insurance policy
The Company has entered into a directors and officers liability insurance (D&O insurance) policy as provided for in Article 430-3, paragraph 1 of the Companies Act with an insurance company. The individuals in this proposal, comprising Mr. Osamu Okada, Mr. Daisuke Shinkawa and Mr. Motohide Nishimura, each of whom is currently a Director who is an Audit and Supervisory Committee Member of the Company, are included in the policy as insureds. Under this insurance policy, compensation for damages and litigation expenses, etc. for which those insured become responsible as a result of claims for damages arising from their actions performed as Directors (including nonfeasance) will be covered, and the Company pays all insurance premiums for those insured. In the event that the re-election of Mr. Osamu Okada, Mr. Daisuke Shinkawa and Mr. Motohide Nishimura is approved under this proposal, they will remain insured under said insurance policy. If the election of Ms. Yuri Kawashima is approved, she will be insured under the same insurance policy. The aforementioned insurance policy is scheduled to be renewed with the same terms and conditions in July 2026.

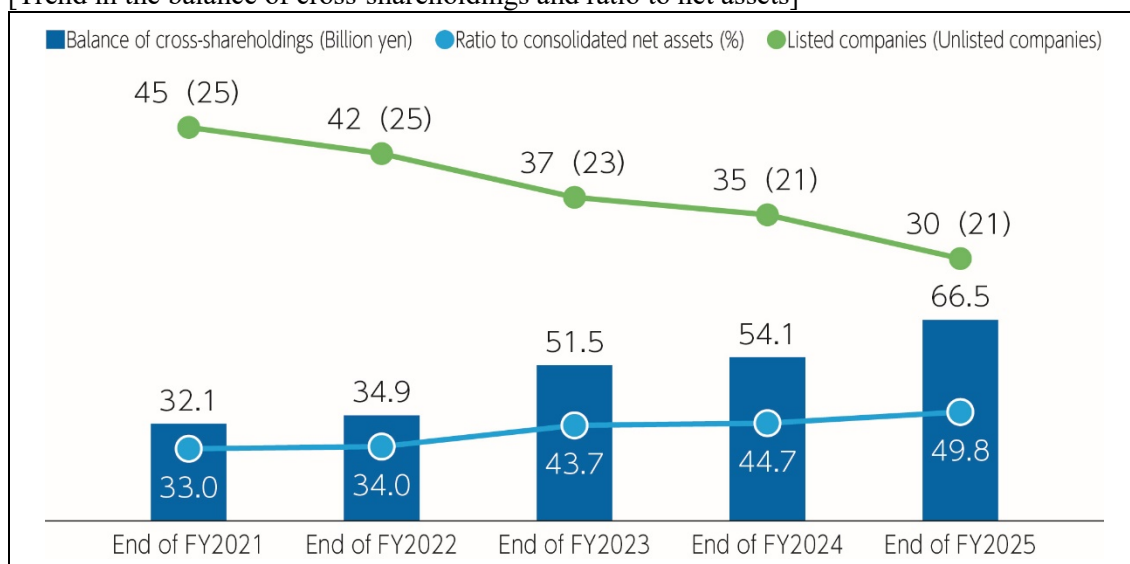
Status of Cross-Shareholding (Reference)

The Company holds shares when it determines that maintaining and strengthening relationships with important business partners will contribute to the enhancement of its medium- to long-term corporate value. The Company aims to reduce holdings that are not deemed to have sufficient rationale.

For each individual shareholding, the Board of Directors conducts an annual comprehensive review of the rationale for holding such shares from both quantitative and qualitative perspectives, including whether returns generated by the shareholding, taking into account profits from transactions as well as dividends, exceed the cost of capital, as well as considerations such as future business development. If, as a result of this review, a holding is deemed to lack sufficient rationale, the Company will seek to reduce such holdings.

Based on this policy, the Company has been gradually selling its shareholdings, with the aim of reducing them to less than 20% of consolidated net assets by the end of fiscal year 2027, the final year of the medium-term management plan “Accelerate ’27.” However, due to the recent rise in stock market prices, the balance of such holdings at the end of the current fiscal year has instead increased compared with the end of fiscal year 2024. The Company will continue to sell cross-shareholdings and work to reduce such holdings.

[Trend in the balance of cross-shareholdings and ratio to net assets]



[Trend in sales of cross-shareholdings]

	FY2022	FY2023	FY2024	FY2025
Sales amount (¥ billion)	1.6	2.0	1.9	7.3

[Factors behind changes in the balance of cross-shareholdings during the fiscal year]

	Amount (¥ billion)
End of FY2024	54.1
Sales during the fiscal year	(7.3)
Increase due to rise in share prices	19.7
End of FY2025	66.5

Criteria for Independence of Outside Directors (Reference)

The Company has established the Criteria for Independence of Outside Directors^[i] as follows to secure the objectivity and transparency needed to strengthen corporate governance. In the event that an Outside Director falls under any of the following, he/she will be deemed as not sufficiently independent.

1. An executive^[ii] of the Company or one of its subsidiaries (hereinafter, collectively referred to as the “Group”)
2. A current major shareholder^[iii] of the Company (in the event that the major shareholder is an organization that is a corporation, partnership, etc., an executive of said organization)
3. An executive of a corporation of which the Group is a major equity holder (a party that directly or indirectly holds 10% or more of the total voting rights)
4. A major client^[iv] of the Group, or an executive of a major client
5. A party whose major client is the Group^[v], or an executive of said party
6. A party belonging to the auditing firm that is the accounting auditor of the Group
7. An executive of the Company’s lead-manager securities company
8. A consultant, accountant, or legal professional who has been paid substantial amounts of money or other financial benefits^[vi] other than officers’ remuneration paid by the Group (in the event that the party being paid said financial benefits is an organization such as a law office, auditing firm, or consultant firm that is a corporation, partnership, etc., a party belonging to said organization)
9. A party who receives substantial donations^[vii] from the Group (in the event that the party who receives said substantial donations is an organization that is a corporation, partnership, etc., a party belonging to said organization)
10. A party whose close relative^[viii] falls under any of the above items from 1 to 9 (however, aside from the above item 1, this is limited to important person^[ix])
11. A party that has fallen under any of the above items from 2 to 9 in the last three years
For the above item 1, a party that has fallen under the item in the last ten years
12. Any other party for whom a conflict of interest is likely to arise with general shareholders, and whose circumstances are reasonably judged to prevent the party from performing duties as an independent Outside Director

- [i] “Outside Director” refers to an outside director as defined in Article 2, item 15 of the Companies Act.
- [ii] “Executive” refers to an executive director, executive, executive officer, other equivalent person, or other employee.
- [iii] “Major shareholder” refers to a shareholder that holds, in their name or another person’s name, 10% or more of voting rights at the end of the Company’s most recent fiscal year.
- [iv] “Major client” refers to one of the following:
 - (1) A client to which the Group is providing products, etc., and whose transaction amount has been more than 2% of the Company’s consolidated net sales in one of the Company’s last four fiscal years.
 - (2) A financial institution from which the Group is borrowing funds, and whose balance of loans is more than 2% of the Company’s consolidated total assets at the end of the Company’s most recent fiscal year.
- [v] “A party whose major client is the Group” refers to a party that provides products, etc., to the Group and for which the Company’s transaction amount has been more than 2% of the party’s consolidated net sales in one of its last four fiscal years.
- [vi] An amount is a “Substantial amount of money or other financial benefits” in one of the following situations:
 - (1) In that event that said specialist is an individual and the total amount of said financial benefits, excluding officers’ remuneration, received from the Group is more than ¥10 million per year on average over the course of the Company’s last three fiscal years.
 - (2) In that event that said specialist is an organization that is a corporation, partnership, etc., and the total amount of said financial benefits received from the Group is more than 2% of said organization’s total annual revenues on average over the course of the Company’s last three fiscal years.
- [vii] “Substantial donations” refers to a donation from the Group that is more than ¥10 million per year on average over the course of the Company’s last three fiscal years.
- [viii] “Close relative” refers to a spouse or a relative who is within the second degree of kinship.
- [ix] “Important person” refers to an employee that holds a senior management position such as executive director, executive, executive officer, general manager or above.

Skills Matrix of Directors of the Company (Reference)

If Proposal 3 and Proposal 4 are approved and adopted as proposed, the composition of the Board of Directors of the Company after the Ordinary General Meeting of Shareholders and the expertise and experience possessed by them will be as follows.

Male: 9, Female: 2 (Female Director Ratio: 18.2%)

Name	Attribute	Gender	Expertise and Experience Possessed by the Directors							
			Corporate management	Sales & Marketing	Global Business	Manufacturing technology & R&D	Personnel & Human resource development	Finance & Accounting	Legal Affairs & Governance	Sustainability
Directors	Haruya Fujita	Inside	Male	○	○	○	○		○	○
	Shinji Nishigaki	Inside	Male	○	○	○	○		○	○
	Kenshi Kawano	Inside	Male	○	○	○				
	Masatake Nakagawa	Inside	Male	○	○	○				
	Kazuo Matsui	Inside	Male	○			○	○		○
	Takayuki Hirayama	Inside	Male	○	○	○	○			
Directors Who Are Audit and Supervisory Committee Members	Osamu Okada	Inside	Male				○	○	○	
	Daisuke Shinkawa	Outside Independent	Male					○	○	
	Motohide Nishimura	Outside Independent	Male	○	○	○				
	Misako Tanizawa	Outside Independent	Female					○	○	
	Yuri Kawashima	Outside Independent	Female			○			○	

*1 The above table presents only the main expertise and experience possessed by each Director, and it does not represent the entirety of their expertise and experience.

2 “Independent” refers to independent Outside Directors who meet the requirements of our internal regulation of “Criteria for Independence of Outside Directors” and of an Independent Director/Auditor pursuant to Article 436-2 of the Securities Listing Regulation of the Tokyo Stock Exchange.

3. Executive Officers in charge of the relevant fields attend the meetings of the Board of Directors, depending on the agenda, to provide explanations on those agenda items in order to improve the effectiveness of the Board of Directors.

<Shareholder proposals (Proposal 5 and Proposal 6)>

Proposals 5 and 6 have been proposed by a shareholder.

The following summary of the proposal items and reasons for the proposals are presented with the original text as submitted by the Proposing Shareholder. However, formal modifications such as the deletion or addition of proposal numbers and the unification of notation have been made.

Proposal 5: Amendment to the Articles of Association concerning Measures against Large-scale Acquisitions of the Company's Shares (Takeover Defence Measures)

1. Proposal

The following chapter and article shall be added in the current Articles of Association.

Chapter 6: Introduction, etc. of Takeover Defence Measures

(Introduction, etc. of Takeover Defence Measures)

Article 34: The Company shall require a resolution of the General Meeting of Shareholders for the introduction, continuation, amendment and abolition of measures against large-scale acquisitions of the Company's shares (Takeover Defence Measures).

2. Reasons

Since the resolution adopted at the Board of Directors' meeting on 13 May 2008, the Company has continuously maintained takeover defence measures. Most recently, at the Company's 217th Annual General Meeting of Shareholders held on 25 June 2025, the continuation of the "Measures against Large-scale Acquisitions of the Company's Shares (Takeover Defence Measures)" (hereinafter the "Takeover Defence Measures") was approved.

However, the approval ratio for the proposal to continue the Takeover Defence Measures has been on a steady decline. While the approval ratio stood at 68.10% at the 214th Annual General Meeting held in June 2022, it fell to 62.84% at the 217th Annual General Meeting held in June 2025. This trend clearly indicates that a significant number of the Company's shareholders, including domestic and overseas institutional investors, have expressed criticism of the Takeover Defence Measures.

According to the notice of convocation for the Company's 217th Annual General Meeting (the "Prior Convocation Notice"), the Takeover Defence Measures are to be abolished immediately if, prior to the expiration of their effective period, a resolution to abolish them is adopted by either the Company's General Meeting of Shareholders or the Board of Directors.

However, under the Companies Act, takeover defence measures are not designated as matters to be resolved at a general meeting of shareholders, nor are they stipulated as such under the Company's Articles of Association. As a result, despite the explanation in the Prior Convocation Notice stating that "even prior to the expiration of the effective period, if a resolution to abolish this plan is adopted at the Company's General Meeting of Shareholders, this plan will be abolished in accordance with such resolution at that time," the abolition or other changes of the Takeover Defence Measures can, in practice, only occur either through a resolution of the Board of Directors or through a resolution of the General Meeting of Shareholders where the Board of Directors has decided to submit such agenda item. Consequently, the actual operation of the Takeover Defence Measures is one that remains subject to the discretion of the Board of Directors.

Given that the Prior Convocation Notice states that the Takeover Defence Measures will be abolished upon a resolution of the General Meeting of Shareholders, it follows that the continuation or abolition of such measures should properly be designated as matters for resolution by the General Meeting of Shareholders. Moreover, there is limited justification for vesting exclusive authority over such decisions in the Board of Directors. Furthermore, even with respect to the initial adoption or subsequent modification of takeover defence measures, it is essential that shareholders assess whether such measures serve their collective

interests through a resolution at the General Meeting of Shareholders. Accordingly, the Company should explicitly stipulate in its Articles of Association that the adoption, continuation, amendment and abolition of the takeover defence measures require approval by a resolution of the General Meeting of Shareholders.

3. Opinion of the Company's Board of Directors

The Company's Board of Directors opposes the Proposal.

Reasons for the opposition

The Company does not unconditionally deny a large-scale purchase of shares, etc. of the Company by a particular party as long as it contributes to the protection and enhancement of the corporate value of the Company and its group companies (the "Group") and eventually the common interest of shareholders. The Company also believes that whether to accept a proposal for a large-scale purchase of shares, etc. of the Company should ultimately be decided by our shareholders.

However, there may be a proposal for a large-scale purchase of shares, etc. of the Company that could undermine the corporate value of the Group and eventually the common interest of shareholders by, for example, potentially preventing the Company from maintaining a good relationship with our stakeholders, that does not sufficiently reflect the value of the Group, or that does not provide sufficient information that is necessary for our shareholders to make a final decision. Given these possibilities, the Company submitted the proposal for the continuation of the measures to respond to a large-scale purchase of shares, etc. of the Company (takeover response policy) (the "Response Policy") to the 217th Ordinary General Meeting of Shareholders held on June 25, 2025, and the proposal was approved by our shareholders.

In this regard, it is possible to respond to such a large-scale purchase as described above based on the Response Policy as long as this policy remains in effect. On the other hand, in the event that the Response Policy ceases to be in effect, if we establish a provision of the Articles of Incorporation stipulating that the adoption of a response policy concerning a large-scale purchase of shares, etc. of the Company and other similar matters "shall be subject to a resolution at a General Meeting of Shareholders," it must be concluded that a resolution at a General Meeting of Shareholders is necessary in any case for the adoption of a response policy concerning a large-scale purchase of shares, etc. of the Company and other similar matters. However, this would make it difficult to make a flexible and agile response to a large-scale purchase that undermines the corporate value and eventually the common interest of shareholders. The Guidelines for Corporate Takeovers – Enhancing Corporate Value and Securing Shareholders' Interests – (the "Takeover Guidelines"), which was released by the Ministry of Economy, Trade and Industry on August 31, 2023, mentions that in a so-called "emergent phase," the adoption and exercise of a response policy based solely on a resolution of the Board of Directors may be justified, and a prior approval resolution at a General Meeting of Shareholders is not necessarily required. We consider that if a resolution at a General Meeting of Shareholders is required, without exception, for the adoption of a response policy concerning a large-scale purchase of shares, etc. of the Company and other similar matters, as stated in this proposal, this will make it difficult to make a flexible and agile response, and could cause a risk that an acquisition that undermines the corporate value of the Company and eventually the common interest of shareholders. Furthermore, we believe that it is not appropriate to prescribe that a resolution at a General Meeting of Shareholders shall be required without exception even for the abolition of a response policy, whose direct impact on shareholders is considered limited compared with the adoption and exercise, as this would lead to rigidity in the system.

For the above reasons, the Company's Board of Directors opposes this proposal.

Proposal 6: Abolishment of the Measures against Large-scale Acquisitions of the Company's Shares (Takeover Defence Measures)

1. Proposal

Abolish the “Measures against Large-scale Acquisitions of the Company's Shares (Takeover Defence Measures)”, the continuation of which was approved at the Company's 217th Annual General Meeting of Shareholders held on 25 June 2025.

2. Reasons

As stated in the reasons for the preceding proposal, the approval ratio for the continuation of the Company's Takeover Defence Measures remains at a surprisingly low level.

In the “Guidelines for Corporate Takeovers” published by the Ministry of Economy, Trade and Industry (METI) in August 2023, METI addresses takeover defence measures by noting that such measures should not “result in deterrence of desirable acquisition proposals, a decline in disciplinary effects through takeovers, or obstruction of sincere consideration of acquisition proposals,” that “a takeover response policy must not be intended to protect management from parties that are considered unfavourable to management,” and that “it is undesirable to unjustifiably obstruct shareholders' right to monetise their shares through tender offers or other means by using defensive measures, since takeovers can provide shareholders with an appropriate opportunity to sell their shares” (pp. 30–31).

Furthermore, METI states that “if a company is to consider introducing a takeover response policy, it is first and foremost required to consistently pursue reasonable efforts to enhance corporate value in normal times and to ensure that such efforts are reflected in market capitalisation” (pp. 33–34).

However, the Company continues to exhibit persistently low capital efficiency, including by holding substantial amounts of investment securities and leased real estate on its balance sheet. Under these circumstances, it is difficult to conclude that the Company has successfully undertaken reasonable efforts to enhance corporate value or ensured that such efforts are reflected in its market capitalisation. The Company's management has failed to pursue the enhancement of corporate value with a sufficient sense of urgency, and it is inevitable to assume that the Takeover Defence Measures have been introduced and maintained for the purpose of management entrenchment.

In accordance with the view expressed by the Company in the Prior Convocation Notice that “the ultimate decision as to whether or not to accept a large-scale acquisition proposal for the Company's shares should be entrusted to the Company's shareholders”, the Takeover Defence Measures should be promptly abolished.

In addition, irrespective of the outcome of the resolution on the preceding proposal, the Proposer requests that the Company disclose the approval ratio for this proposal in the Extraordinary Report to be filed pursuant to the Financial Instruments and Exchange Act.

3. Opinion of the Company's Board of Directors

The Company's Board of Directors opposes the Proposal.

Reasons for the opposition

The Company believes that when a proposal for a large-scale purchase that could undermine the corporate value of the Group and eventually the common interest of shareholders is made, it is the responsibility of the Company to secure necessary time and information and to negotiate with the party submitting such a proposal on behalf of our shareholders. To this end, in order to address aspects that may not always be fully covered under the framework of the Financial Instruments and Exchange Act, it is necessary to clarify rules to be complied with by any party attempting to make a large-scale purchase of shares, etc. of the Company. Based on these beliefs, the Company submitted, to the 217th Ordinary General Meeting of Shareholders held on June 25, 2025, the proposal for the continuation of the Response Policy with the effective period until the conclusion of the Ordinary General Meeting of Shareholders scheduled to be held in June 2028, and the proposal was approved by our shareholders.

To ensure that the Response Policy is not applied arbitrarily for the purpose of “self-protection” of Directors, we have established the Independent Committee consisting solely of those who are

independent from the senior executives in charge of business execution of the Company, and stipulated that the recommendation of the Independent Committee shall be respected to the maximum extent to exercise countermeasures against a large-scale purchase and take other similar actions, and that when the Independent Committee recommends the exercise of countermeasures, in cases where the Independent Committee has placed a reserve that confirmation of the shareholders' intention about the exercise should be obtained beforehand, the Company shall convene a General Meeting of Shareholders to confirm the shareholders' intention about the exercise of countermeasures in principle. In addition, the Response Policy specifically outlines in advance the types of large-scale purchase proposals that are deemed to significantly undermine the corporate value of the Company and the common interests of the shareholders, and we have taken measures to preclude the "self-protection" as stated in the reasons for the proposal.

Moreover, in April 2025, the Company started "Accelerate '27," a new three-year medium-term management plan. Under "Accelerate '27," we aim to sustainably enhance corporate value by proactively, continuously, and appropriately engaging in M&A and capital investments for growth, as well as investments in research and development, intellectual property, and human resources, and have set numerical targets for the final year, including an operating profit of 13.0 billion yen, an ROE of 10%, and a shareholder return target of a DOE of 4%, along with a three-year target of purchasing 20.0 billion yen in treasury stock. We have also set a clear target of reducing our cross-shareholdings to less than 20% of consolidated net assets by the end of the fiscal year ending March 31, 2028, and have been proactively implementing initiatives to enhance the corporate value through improvement of capital efficiency and the market's fair evaluation without relying on stable shareholders.

In fact, for the fiscal year ended March 31, 2026, despite the challenging business environment surrounding our core semiconductor production-related business, we fully achieved the targets for the first year of "Accelerate '27" with an operating profit of 9.1 billion yen and an ROE of 10.2%. Additionally, we have made steady progress in selling cross-shareholdings while proactively returning profits to shareholders by setting a DOE target of 4% for the "Accelerate '27" period and purchasing treasury shares.

As also stated in the reasons for the proposal, the Takeover Guidelines stipulates that "if a company is considering to adopt a response policy, it is first and foremost required to make reasonable efforts to enhance corporate value at a normal phase, and to take steps to ensure that such increase is reflected in market capitalization." Given the status of the Company's efforts like the above ones, the continuation of the Response Policy will complement such efforts to enhance the corporate value as a reasonable measure to protect our shareholders' interests from inappropriate large-scale purchases, and does not conflict with or violate the content of the Takeover Guidelines.

The content of this proposal was also deliberated by the Independent Committee consisting solely of those who are independent from the senior executives in charge of business execution of the Company. As a result, the Company received a report from the Independent Committee stating that there is no need to abolish the Response Policy from the perspective of preventing large-scale purchase that could undermine the Group's corporate value and eventually the common interest of shareholders.

For the above reasons, the Company's Board of Directors opposes this proposal.