Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities Code: 6932
Date of sending by postal mail: June 9, 2026
Start date of measures for electronic provision: June 2, 2026

To Shareholders:

Kunihiko Endo, President
ENDO Lighting Corp.
1-6-19 Honmachi, Chuo-ku, Osaka-city, Osaka

NOTICE OF THE 55TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

You are hereby notified that the 55th Annual General Meeting of Shareholders of ENDO Lighting Corp. (the "Company") will be held for the purposes described below.

In convening this 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. (items for which measures for providing information in electronic format are to be taken) in electronic format, and has posted the information on each of the following websites. Please access either of the websites to view the information.

The Company's website:

https://www.endo-lighting.co.jp/ (in Japanese)

(From the above website, select "Stock Information" under "Investor Relations," and then "General Meeting of Shareholders Information.")

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

https://d.sokai.jp/6932/teiji/ (in Japanese)

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

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

(Access the TSE website by using the Internet address shown above, enter "ENDO Lighting" in "Issue name (company name)" or the Company's securities code "6932" in "Code," and click "Search." Then, click "Basic information" and select "Documents for public inspection/PR information." Under "Filed information available for public inspection," click "Click here for access" under "[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].")

If you are unable to attend the meeting in person, you may exercise your voting rights via the Internet, etc. or in writing (by postal mail). Please review the Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by no later than 5:30 p.m. on Wednesday, June 24, 2026.

1. **Date and time** Thursday, June 25, 2026, at 10:00 a.m. (JST)
2. **Venue** 2F Conference Room, ENDO Sakaisuji Building
   1-7-3 Bingomachi, Chuo-ku, Osaka-city, Osaka
3. **Meeting agenda**

   Matters to be reported

   1. Report on the content of the Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements for the 55th Fiscal Year (April 1, 2025 to March 31, 2026)
   2. Report on the results of audits of the Consolidated Financial Statements for the 55th Fiscal Year by the Financial Auditor and Audit & Supervisory Board

   Matters to be resolved <Company Proposals>

   Proposal 1 Appropriation of Surplus

   Proposal 2 Election of Five Directors

   Proposal 3 Election of One Substitute Audit & Supervisory Board Member

   <Shareholder Proposals>

   Proposal 4 Acquisition of Own Shares
4. **Matters decided for the convocation**
   - If voting rights are exercised in duplicate via the Internet, etc. and by postal mail, the vote exercised via the Internet, etc. shall be treated as valid. In addition, if voting rights are exercised more than once via the Internet, etc., the last vote shall be treated as valid.
   - If no indication of approval, disapproval or abstention for each proposal is made on the returned voting form, it shall be treated as an indication of approval for company proposals (from Proposal 1 to Proposal 3) and disapproval for shareholder proposals (Proposal 4).

■ For those attending the meeting on the day, please submit the voting form at the venue reception desk.

■ Paper-based documents stating items subject to measures for electronic provision are sent to shareholders who have requested the delivery of paper-based documents, however those documents do not include the following matters in accordance with the provisions of laws and regulations and Article 16, paragraph 2 of the Company's Articles of Incorporation.

(i) "System and Policies of the Company" in the Business Report

(ii) Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements in the Consolidated Financial Statements

(iii) Statement of Changes in Equity and Notes to Non-consolidated Financial Statements in the Non-consolidated Financial Statements

Accordingly, Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements included in the paper-based documents are part of the documents included in the scope of audits by the Financial Auditor in preparing the Financial Auditor's Report and by the Audit & Supervisory Board Members in preparing the Audit Report.

■ If revisions to the items subject to measures for electronic provision arise, a notice of the revisions and the details of the items before and after the revisions will be posted on the website of the Company, the website for posted informational materials for the general meeting of shareholders, and the TSE website noted above.

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Information

<Company Proposals (from Proposal 1 to Proposal 3)>

(Company Proposal)

Proposal 1 Appropriation of Surplus

The Company proposes the appropriation of surplus as follows:

Year-end dividends

After comprehensively taking into consideration factors such as business performance in the fiscal year under review, the internal reserves necessary for strengthening corporate foundations and future business development, and the future earnings outlook, the Company proposes to pay a year-end dividend for the fiscal year under review of ¥48.00 per share.

Accordingly, including the interim dividend (¥40.00 per share), the annual dividend will be ¥88.00 per share.

(1) Type of dividend property

Cash

(2) Allotment of dividend property to shareholders and their aggregate amount

¥48.00 per common share of the Company

Total dividends: ¥708,893,664

(3) Effective date of dividends of surplus

June 26, 2026

(Company Proposal)

Proposal 2 Election of Five Directors

At the conclusion of this meeting, the terms of office of all five Directors will expire. Therefore, the Company proposes the election of five Directors.

The candidates for Director are as follows:

Candidate No.	Name		Position and responsibilities	Attendance at Board of Directors meetings
1	Kunihiko Endo	Reelection	President	19 / 19
2	Kiyoshi Hishitani	Reelection	Director and Managing Executive Officer In charge of Development, Quality, and Production	19 / 19
3	Masayuki Okumura	Reelection	Director and Senior Executive Officer General Manager of Sales Division	15 / 15
4	Ikuko Tsuchiya	Reelection Independent officer Outside Director	Outside Director	15 / 15
5	Takahisa Yamaha	Reelection Independent officer Outside Director	Outside Director	15 / 15

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th>Career summary, position and responsibility in the Company</th><th>Number of the Company’s shares owned</th></tr>
<tr><td rowspan="2">1</td><td>Kunihiko Endo
(April 8, 1974)
[Reelection]

Attendance at Board of Directors meetings
19 / 19</td><td>April 1997 Joined The Fuji Bank, Limited (currently Mizuho Bank, Ltd.)
January 2001 Joined the Company
April 2006 General Manager of Management Strategy Office
June 2006 Director, General Manager of Management Strategy Office, and in charge of Lighting Technology Research Laboratory
April 2007 Director, Executive Officer, and General Manager of Management Strategy Office
June 2007 Managing Director, Executive Officer, and General Manager of Management Strategy Office
April 2009 Managing Director, General Manager of Lighting Business Department
June 2010 Representative Director and Senior Managing Director, and General Manager of Lighting Business Department
October 2011 Representative Director and Senior Managing Director
November 2013 Representative Director and Senior Managing Director, and General Manager of LED Central Research Laboratory
June 2014 President, and General Manager of LED Central Research Laboratory
April 2016 President, and General Manager of Sales Division
April 2022 President (current position)
(Significant concurrent positions outside the Company)
Chairman, ENDO Lighting (THAILAND) Public Co., Ltd.</td><td>143,041 shares</td></tr>
<tr><td colspan="3"><u>Reasons for nomination as candidate for Director</u>
Kunihiko Endo has led management and worked on various management reforms since he was appointed President in June 2014. He is well versed in the Group’s businesses including the lighting business, and possesses abundant operational experience and wide-ranging knowledge that enables him to appropriately manage the business of the Group. Accordingly, the Company has judged that he is a suitable person to drive the future enhancement of corporate value over the long term, and is also suitably qualified to strengthen corporate governance, and has therefore nominated him as a candidate for Director.</td></tr>
</table>

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, position and responsibility in the Company</th><th>Number of the Company’s shares owned</th></tr>
<tr><td rowspan="15">2</td><td rowspan="14">Kiyoshi Hishitani
(January 8, 1958)
[Reelection]

Attendance at Board of Directors meetings
19 / 19</td><td>April 1980</td><td>Joined Matsushita Refrigeration Company (currently Panasonic Holdings Corporation)</td><td rowspan="14">1,013 shares</td></tr>
<tr><td>April 2000</td><td>General Manager of Technology Department of Vending Machine Business Division</td></tr>
<tr><td>April 2008</td><td>General Manager of Vending Machine Business Unit of Appliances Company of Panasonic Corporation</td></tr>
<tr><td>April 2012</td><td>General Manager of Cold Chain Business Department of Appliances Company of Panasonic Corporation</td></tr>
<tr><td>April 2015</td><td>Head Researcher of Energy Conservation Technology Department of New Energy and Industrial Technology Development Organization (seconded from Panasonic Corporation)</td></tr>
<tr><td>May 2016</td><td>Joined the Company, Advisor, and in charge of Development, Quality, and Production</td></tr>
<tr><td>June 2016</td><td>Director and in charge of Development, Quality, and Production</td></tr>
<tr><td>April 2018</td><td>Director and Senior Executive Officer, and in charge of Development, Quality, and Production</td></tr>
<tr><td>June 2018</td><td>Director and Managing Executive Officer, and in charge of Development, Quality, and Production</td></tr>
<tr><td>June 2022</td><td>Managing Director, Managing Executive Officer, and in charge of Development, Quality, and Production</td></tr>
<tr><td>April 2023</td><td>Managing Director and in charge of Development, Quality, and Production</td></tr>
<tr><td>June 2025</td><td>Director and Managing Executive Officer, and in charge of Development, Quality, and Production (current position)</td></tr>
<tr><td colspan="2">(Significant concurrent positions outside the Company)</td></tr>
<tr><td colspan="2">Chairman of Kunshan Endo Lighting Co., Ltd.</td></tr>
<tr><td colspan="4"><u>Reasons for nomination as candidate for Director</u>
Kiyoshi Hishitani possesses abundant operational experience, including serving as the person responsible for the management of a business department and the person responsible for technical development at the Appliances Company of Panasonic Corporation (the former Matsushita Refrigeration Company). He has also endeavored to enhance corporate value in the development, quality, and production departments of the Company from a medium- to long-term perspective. The Company has judged that he is suitably qualified as a person to continue to take responsibility for the development of the technical fields of the Company in the future. In addition, the Company has judged that he is also suitably qualified in the field of promoting environment protection, and has therefore nominated him as a candidate for Director.</td></tr>
</table>

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, position and responsibility in the Company</th><th>Number of the Company's shares owned</th></tr>
<tr><td rowspan="2">3</td><td>Masayuki Okumura
(October 15, 1963)
[Reelection]

Attendance at Board of Directors meetings
15 / 15</td><td colspan="2">March 1988 Joined the Company
October 2005 General Manager of Tokyo Commercial Environment Development Department of Sales Division
April 2007 Group Manager of Commercial Environment Group of Sales Division
April 2013 General Manager of Solutions Department of Sales Division
April 2016 Executive Officer, and General Manager of Architectural Environment Sales Department of Sales Division
April 2020 Executive Officer, and General Manager of Environmental Solution Department of Sales Division
April 2025 Senior Executive Officer and General Manager of Sales Division
June 2025 Director and Senior Executive Officer, and General Manager of Sales Division (current position)
(Significant concurrent positions outside the Company)
Masayuki Okumura has no significant concurrent positions outside the Company.</td><td>13,239 shares</td></tr>
<tr><td colspan="4"><u>Reasons for nomination as candidate for Director</u>
Masayuki Okumura has served in important positions in the Sales Division and Solutions Department within the commercial and architectural environment sectors of the Lighting Business Division of ENDO Lighting. Since joining the Company, he has developed abundant operational experience in the lighting business.
The Company has judged that he is suitably qualified to help establish the Group's position as the leading brand in the lighting control market and to contribute to the sustainable enhancement of corporate value, and has therefore nominated him as a candidate for Director.</td></tr>
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<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th>Career summary, position and responsibility in the Company</th><th>Number of the Company’s shares owned</th></tr>
<tr><td rowspan="2">4</td><td>Ikuko Tsuchiya
(March 31, 1960)
[Reelection]
[Independent officer]
[Outside Director]

Attendance at Board of Directors meetings
15 / 15</td><td>April 1983 Joined PLUS CORPORATION
April 2000 Joined ASKUL Corporation
August 2000 Legal Manager of General Affairs Department
August 2008 General Manager of Legal & Security Department
November 2010 Corporate Auditor of AlphaPurchase Corporation
September 2012 Executive Officer of Legal & Security Unit of ASKUL Corporation
May 2018 Executive Officer, and General Manager of CEO Assistant Office
August 2022 Outside Audit & Supervisory Board Member of Hacobu, Inc. (current position)
June 2025 Director of the Company (current position)
(Significant concurrent positions outside the Company)
Ikuko Tsuchiya has no significant concurrent positions outside the Company.</td><td>0 shares</td></tr>
<tr><td colspan="3"><u>Reasons for nomination as candidate for outside Director and summary of expected roles</u>
Ikuko Tsuchiya has held important positions in the legal department of an operating company, and in addition to her advanced expert knowledge, she also has knowledge of corporate security. In addition, she has extensive experience as an audit & supervisory board member at other operating companies. Accordingly, the Company has judged that she will be able to supervise all aspects of management from an objective standpoint, and has therefore nominated her as a candidate for outside Director.</td></tr>
</table>

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th>Career summary, position and responsibility in the Company</th><th>Number of the Company’s shares owned</th></tr>
<tr><td rowspan="2">5</td><td>Takahisa Yamaha
(December 14, 1959)
[Reelection]
[Independent officer]
[Outside Director]

Attendance at Board of Directors meetings
15 / 15</td><td>April 1982 Joined Oki Electric Industry Co., Ltd.
May 1987 Joined Yamaha Corporation
October 1999 Joined ROHM Hamamatsu Co., Ltd.
April 2010 Managing Director of ROHM Co., Ltd.
October 2014 Director, and Managing Executive Officer of Samco Inc.
June 2016 Director of PHENITEC SEMICONDUCTOR Corp.
January 2020 Managing Executive Officer of New Japan Radio Co., Ltd.
January 2022 Representative of Yamaha Labo. (current position)
January 2023 Specially Appointed Professor of The Institute of Scientific and Industrial Research of The University of Osaka
June 2025 Director of the Company (current position)
(Significant concurrent positions outside the Company)
Representative of Yamaha Labo.</td><td>0 shares</td></tr>
<tr><td colspan="3"><u>Reasons for nomination as candidate for outside Director and summary of expected roles</u>
Takahisa Yamaha possesses extensive experience and wide-ranging insight in operating companies in the electronic components industry, especially the semiconductor industry. Additionally, as a Managing Director of ROHM Co., Ltd., and having held important positions such as Director at various other operating companies over many years, he possesses deep insights into management. Accordingly, the Company has judged that he will be able to supervise all aspects of management from an objective standpoint, and has therefore nominated him as a candidate for outside Director.</td></tr>
</table>

(Notes)

1. There is no special interest between the candidates and the Company.
2. Ikuko Tsuchiya and Takahisa Yamaha are candidates for outside Director.
3. Ikuko Tsuchiya and Takahisa Yamaha are currently outside Directors of the Company, and their tenures as outside Directors will have been one year each at the conclusion of this meeting.
4. The Company has submitted notification to the Tokyo Stock Exchange, Inc. that Ikuko Tsuchiya and Takahisa Yamaha have been designated as independent officers as provided for by the aforementioned exchange. If their reelection is approved, the Company plans to continue to appoint them as independent officers.
5. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act and the Articles of Incorporation of the Company, the Company has entered into agreements with Ikuko Tsuchiya and Takahisa Yamaha to limit their liability for damages under Article 423, paragraph (1) of the Companies Act. The maximum amount of liability pursuant to these agreements will be the amount provided for in laws and regulations. If their reelection is approved, the Company plans to continue the said agreements with them.
6. The Company has entered into a directors and officers liability insurance contract, as provided for in Article 430-3, paragraph (1) of the Companies Act, with an insurance company. This contract covers any statutory damages, legal expenses, etc., incurred by the insured parties due to claims for damages arising out of acts (including omissions) committed by the insured parties in the course of their duties as officers of the company. Each candidate will be included as an insured party under the contract and will be renewed under the same terms and conditions at the next renewal.

Reference

Criteria of ENDO Lighting on Independence of Outside Officers

ENDO Lighting Corp. (hereinafter, "the Company") has established the following Criteria on Independence of Outside Officers of the Company. If any of the following items applies to an outside officer (including candidates; the same shall apply hereinafter), that outside officer shall be deemed as not being independent of the Company.

1. An outside officer who has been a person who executes business (Note 1) in the Group in any of the past ten fiscal years
2. A person who executes business who belongs to a corporation, association, or other organization whose amount of payment or receipt in transactions with the Group has accounted for 2% or more of that organization's consolidated sales during the three most recent fiscal years
3. A person who executes business who belongs to a financial institution whose outstanding loans to the Group account for 2% or more of the Company's consolidated total assets or the financial institution's consolidated total assets during the three most recent fiscal years
4. A person who executes business who belongs to a corporation, association, or other organization that has received a large amount of donations from the Group (an average of ¥10 million or more per year during the three most recent fiscal years)
5. A Lawyer, certified public accountant, consultant, and other person who receives a large amount of money (an average of ¥10 million or more per year during the three most recent fiscal years) or other assets from the Group other than executive remuneration
6. A major shareholder of the Company (Note 2), or person who executes business who belongs to a corporation, association, or other organization that is a major shareholder
7. A person who executes business who belongs to a corporation, association, or other organization of which the Group is a major shareholder
8. A person who belongs to an audit firm that is a Financial Auditor of the Group
9. If the person to whom any of 1. to 8. above applies is an important person (Note 3), the spouse, a relative within the second degree of kinship, a relative living together with said person, or a person sharing the same livelihood as said person
10. A person to whom any of 2. to 9. above has applied during the past three years
11. Any other person for whom there are circumstances that can reasonably be judged as making it impossible for that person to perform his/her duties as an outside officer, such as the possibility of a conflict of interest with the Company

Note 1: "Person who executes business" refers to a current executive director, managing executive, managing executive officer, or other similar person or employee.

Note 2: "Major shareholder" refers to a shareholder who owns or holds 10% or more of the voting rights under his/her name or the name of another person as of the end of the most recent fiscal year of the Company.

Note 3: "Important person" refers to a Director (excluding outside Director), Audit & Supervisory Board Member (excluding outside Audit & Supervisory Board Member), managing executive, managing executive officer, and senior manager at the rank of general manager or higher.

Reference: Skill matrix for Directors and Audit & Supervisory Board Members

If Proposal 2 is approved as proposed at this meeting, the composition of the Directors and Audit & Supervisory Board Members, and the experience and expertise specifically expected from each of them, are as follows.

Please note that the following list does not represent all of the knowledge, abilities, and experience possessed by each of the Directors and Audit & Supervisory Board Members.

	Name	Gender	Corporate management/ Management strategy	Finance/ Accounting/ Taxation	Technical development	Manufacturing/ Supply	Business strategy/ Sales/ Marketing	Global business	Legal/ Compliance	Internal control/ Governance	IT/Digital	Sustainability/ ESG
Directors	Kunihiko Endo	Male	●		●		●	●				
	Kiyoshi Hishitani	Male			●	●		●				●
	Masayuki Okumura	Male	●				●		●			
	Ikuko Tsuchiya	Female							●	●		●
	Takahisa Yamaha	Male	●		●	●						
Audit & Supervisory Board Members	Akira Kubo	Male		●				●		●		
	Masashi Sugisaka	Male	●	●			●		●			
	Jun Murai	Male							●	●		
	Nozomu Okuzawa	Male		●						●	●	

(Company Proposal)

Proposal 3 Election of One Substitute Audit & Supervisory Board Member

The Company requests approval for the election of one substitute Audit & Supervisory Board Member to be ready to fill a vacant position should the number of Audit & Supervisory Board Members fall below the number required by laws and regulations. The validity of the election of a substitute Audit & Supervisory Board Member can be nullified by resolution of the Board of Directors if the consent of the Audit & Supervisory Board has been obtained; provided, however, that it is only in a time before assuming office. The consent of the Audit & Supervisory Board has been obtained for this proposal.

The candidate for substitute Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Career summary and position in the Company		Number of the Company's shares owned
Hidetaka Sakata (November 29, 1959) [Independent officer] [Substitute outside Audit & Supervisory Board Member] **Attendance at Board of Directors meetings** - / - **Attendance at Audit & Supervisory Board meetings** - / -	April 1982	Joined Hideji Sakata Accounting Office	0 shares
	September 1984	Retired from Hideji Sakata Accounting Office	
	October 1984	Joined Tohmatsu Awoki & Co. (currently Deloitte Touche Tohmatsu LLC)	
	March 1988	Registered as Certified Public Accountant	
	June 1997	Transferred to Business Development Department, Deloitte Touche Tohmatsu (currently Deloitte Tohmatsu Financial Advisory LLC) and served as Senior Manager	
	June 2000	Partner	
	January 2019	Retired from Deloitte Tohmatsu Financial Advisory LLC	
	January 2019	Representative Director of MAGIC Co., Ltd. (current position)	
	June 2020	Representative Partner of dep.FAS LLC (current position)	
	(Significant concurrent positions outside the Company) Representative Director of MAGIC Co., Ltd.		
Reasons for nomination as candidate for substitute outside Audit & Supervisory Board Member Hidetaka Sakata is well versed in corporate accounting as a Certified Public Accountant, and possesses experience developed from his advanced expert knowledge and wide-ranging insight. Accordingly, the Company has judged that he is suitably qualified to execute duties related to audits of the Company, and has therefore nominated him as a candidate for substitute outside Audit & Supervisory Board Member.			

(Notes)

1. There is no special interest between Hidetaka Sakata and the Company.
2. Hidetaka Sakata is a candidate for substitute outside Audit & Supervisory Board Member.
3. There is no special interest between MAGIC Co., Ltd. and the Company.
4. Hidetaka Sakata satisfies the requirements for an independent officer as provided for by Tokyo Stock Exchange, Inc., and if he is appointed Audit & Supervisory Board Member, the Company plans to submit notification to the aforementioned exchange concerning his designation as an independent officer.
5. If Hidetaka Sakata is appointed Audit & Supervisory Board Member, the Company plans, pursuant to the provisions of Article 427, paragraph (1) of the Companies Act and the Articles of Incorporation of the Company, to enter into a limited liability agreement with him that limits his liability under Article 423, paragraph (1) of the Companies Act. Furthermore, the maximum amount of liability pursuant to the limited liability agreement will be the amount provided for in laws and regulations.
6. The Company has entered into a directors and officers liability insurance contract, as provided for in Article 430-3, paragraph (1) of the Companies Act, with an insurance company. This contract covers the insured party's losses, legal expenses, etc., incurred from claims for damages arising from acts (including nonfeasance) carried out by the insured party as an officer of the Company, and if Hidetaka Sakata is appointed Audit & Supervisory Board Member, he will be included in the insured parties under this insurance contract.

<Shareholder Proposal (Proposal 4)>

Proposal 4 was made by one (1) shareholder.

The Board of Directors is against the shareholder proposal for the reasons shown below.

A summary of the proposal and reasons for the proposal are presented with the original text as submitted by the proposing shareholder, except for formal adjustments.

(Shareholder Proposal)

Proposal 4 Acquisition of Own Shares

(i) Summary of the Proposal

Pursuant to Article 156, paragraph (1) of the Companies Act, within one year of the conclusion of this annual general meeting of shareholders, the Company shall acquire 735,000 shares of its common stock (approximately 5% of the total number of issued shares) at a total acquisition cost of up to ¥2,500 million by means of cash payment.

(ii) Reasons for the Proposal

Needless to say, enhancing capital adequacy contributes to improved corporate value through enhanced financial stability. However, an excessively conservative capital policy that places the highest priority on internal reserves and securing excessive capital adequacy effectively lowers corporate value by increasing the weighted average cost of capital (hereinafter referred to as "WACC"), which is taught in corporate finance theory.

Our capital adequacy ratio has steadily increased from 35.4% to 65.1% over the ten-year period from the fiscal year ended March 31, 2016 to the fiscal year ended March 31, 2025. Business has been highly stable, never falling into an operating deficit or ordinary deficit despite the economic turmoil caused by the COVID-19 pandemic during that period. Regarding free cash flow, it has been in the positive range with an average value of ¥2.24 billion over the ten-year period, and it is expected to remain stable and profitable in the future. Therefore, implementing a capital policy with a target capital adequacy ratio of 50% is believed to constitute sufficiently conservative financial management.

Currently, work is underway on the first revision of the Corporate Governance Code in five years. During these discussions, the excessive cash and deposit reserves of listed companies have been viewed as a problem. Our balance of cash and deposits has accumulated from ¥8.32 billion at the end of the fiscal year ended March 31, 2016, ten years ago, to ¥23.17 billion at the end of December 2025 (2.8 times compared to ten years ago). During this period, net sales grew by only 20% compared to ten years ago, from ¥44.0 billion in the fiscal year ended March 31, 2016, to ¥53.7 billion in the fiscal year ended March 31, 2025. Given that there has been no major change in the Company's business over the ten-year period and it is inconceivable that the necessary working capital would increase rapidly, it cannot be denied that excessive cash and deposits have piled up. Excessive liquidity on hand not only lowers asset efficiency but could also create unnecessary financial risks, and it is believed that it should be eliminated immediately.

This proposal is based on the belief that maintaining an appropriate capital adequacy ratio and keeping WACC at a reasonable level will enable both effective financial risk management and medium- to long-term improvement in corporate value. More specifically, the intention is to improve corporate value over the medium- to long-term through stable capital policy management with a medium- to long-term capital adequacy ratio target of 50%. This proposal was made based on the belief that continuous acquisition of own shares based on a clear capital policy will contribute to improving the Company's corporate value over the medium- to long-term, rather than a one-off acquisition of own shares.

[Opinion of the Board of Directors of the Company on Proposal 4]

The Board of Directors of the Company is against Proposal 4.
The Company recognizes that the acquisition of own shares is an effective option for improving capital efficiency and shareholder returns, as well as for implementing a flexible capital policy in response to changes in the business environment. However, it believes that such repurchases should be comprehensively judged, taking into account the trading conditions and stock price of the Company's shares, and considering the balance between investments for future growth and overall shareholder returns. Last year (October 2025), the Company entered into a business alliance agreement with Advantage Partners Pte. Ltd. and procured ¥5 billion in funds for growth investment through the issuance of bonds with share acquisition rights, aiming to realize medium- to long-term improvement in corporate value. Currently, with the strong hands-on support of the said company, the Company is aggressively investing these procured funds into production facility investments, research and development investments, DX-related investments, and human capital investments set forth in the medium-term management plan (covering the 55th to 57th fiscal years), in addition to the promotion of M&A for the expansion of business domains, and has just made a start toward discontinuous growth. The Company believes that the acquisition of own shares of ¥2.5 billion (approximately 5% of the total number of issued shares), which is called for in the shareholder proposal, could significantly hinder the measures currently being promoted for our sustainable improvement in corporate value as we advance to the next growth stage, and as a result, could damage the medium- to long-term interests of our shareholders. The Company considers it appropriate for the Board of Directors to make timely and appropriate decisions, taking into account the future business environment, investment opportunities, and the market evaluation of the Company, while maintaining financial discipline. Regarding shareholder returns as well, the Company places importance on the maximization of corporate value through growth investment using the procured funds, and direct returns through stable and continuous dividends based on the new policy of "a target consolidated dividend payout ratio of 30%." Based on this policy, regarding the annual dividend for the 55th fiscal year (the fiscal year ending March 31, 2026) as well, the Company's proposal is to increase the annual dividend from ¥84.00 forecasted at the beginning of the term to ¥88.00. Based on the above, the Company believes that it is the best policy to optimally allocate current funds on hand to growth investment and dividend enhancement, and therefore, the Board of Directors of the Company is against this proposal.