May 14, 2025
ADEKA CORPORATION

Notice Regarding the Board of Directors' Opinion on Shareholder Proposal

ADEKA CORPORATION (the "Company") hereby announces that it has received a document from the Company's shareholder (the "Proposing Shareholder") stating its intention to make a proposal (the "Shareholder Proposal") at our 163th Ordinary General Meeting of Shareholders scheduled to be held on June 20, 2025.
The Company hereby announces that the Board of Directors, at its meeting held on May 14, 2025, have resolved to oppose the Shareholder Proposal as follows.

1. Proposing Shareholder
   City Index Eleventh Co., Ltd.

2. Details of the Shareholder Proposal
   (1) Proposed Agenda
   Amendment to the Company's articles of incorporation to establish a special committee tasked with the holding policy for listed subsidiaries (currently, specifically, NIHON NOHYAKU CO., LTD.)

   (2) Details and reason for the Shareholder Proposal
   The details are as stated in the Attachment. The relevant description of the written Shareholder Proposal is reproduced here in its original form.

3. The Company's Board of Directors' Opinion on the Shareholder Proposal

The Company's Board of Directors Opposes this Shareholder Proposal.

(Reason for opposition)
Our Board of Directors is currently composed of five independent external directors with knowledge and experience in corporate management, sustainability, global, financial strategy and accounting, HR development, etc., four executive directors who are familiar with our business, and one non-executive director who is a full-time audit and supervisory committee member. By ensuring that half of the total number of directors are independent external directors, we aim to ensure the independence of the Board of Directors and management transparency.
Independent external directors, including those who are knowledgeable about corporate legal affairs and who also have sufficient knowledge of corporate governance, provide advice and supervision from an objective perspective independent of the management, aimed at promoting our sustainable growth and enhancement of the Company's

medium-to long-term corporate value. In addition, the audit and supervisory committee, composed of directors who are members of the audit and supervisory committee (three members, including two independent external directors), has a system to fully monitor the execution of duties by directors. In this way, under the supervision of independent external directors with the above-mentioned knowledge and directors serving as the audit and supervisory committee members, our Board of Directors has established a system that enables all members of the board of directors to grasp and share the situation, transparency, appropriateness, and reasonableness of business execution and make important decisions.
In addition, we are aiming to further enhance group governance and group risk management in order to establish a resilient management foundation, which is one of the basic strategies set forth in our mid-term management plan “ADX2026” announced on April 1, 2024. Under this basic strategy, our Board of Directors has been continuously discussing our group-wide approach to governance, including the policy on holding listed subsidiaries. We are also seriously considering the response measures for dealing with concerns, such as conflicts of interest with minority shareholders, and the development of the governance system, which are pointed out by the Proposing Shareholder. Furthermore, while respecting the independence of the management of NIHON NOHYAKU CO., LTD., we also have considered measures to enhance the corporate value of NIHON NOHYAKU CO., LTD., which is pointed out by the Proposing Shareholder, and will continue to consider such measures on an ongoing basis.
In addition, we disclose our group-wide approach to governance, including the policy on holding listed subsidiaries mentioned above, in accordance with the “Enforcement Rules for Securities Listing Regulations“ of the Tokyo Stock Exchange, Inc, through the “Corporate Governance Report.“ We will continue to strive for improved disclosure and engage in ongoing discussions with capital markets to enhance our communication.
This Shareholder Proposal calls for the establishment of a “Special Committee“ composed of all external directors to consider the policy on holding listed subsidiaries. However, our group-wide approach to governance, including the policy on holding listed subsidiaries, is closely related to the management strategies and business strategies of our entire group. We believe that such matters are more appropriately discussed and considered by the Board of Directors, which has the above-mentioned governance system and involves executive directors who are familiar with our business, rather than by a “Special Committee” composed solely of external directors.
The articles of incorporation, in the first place, set out the fundamental principles of a company’s organization and management. The Shareholder Proposal requires that the articles of incorporation be amended to stipulate that the Special Committee shall review the policy on holding our listed subsidiaries, recommend the results of the deliberations to the Board of Directors at least once a year as a statement of opinions and explain them to shareholders. As mentioned above, the determination of the policy on holding listed subsidiaries includes specific details that should be left to business judgement by the Board of Directors. Furthermore, the Board of Directors, which has

the most knowledge, ability and information necessary for business judgement, should make decisions on internal systems and processes for reviewing, deciding on and announcing these matters, based on the circumstances at the time. In addition, uniformly and rigidly stipulating in the articles of incorporation an obligation to explain specific matters at the stage of consideration to shareholders without going through the above-mentioned decision-making process of the Board of Directors involves the risk such as causing unnecessary speculation in the capital markets, and therefore cannot be considered an appropriate approach for the Company, its shareholders, and investors. Consequently, the partial amendment to the articles of incorporation sought by this Shareholder Proposal to establish a “Special Committee” is, by its very nature, inappropriate for the articles of incorporation and goes beyond the scope of typical articles of incorporation. We believe that such an amendment of the articles of incorporation could lead to rigidity in business judgment and process, and even impair their agility and flexibility.

For the reasons stated above, the Company’s Board of Directors opposes this Shareholder Proposal.

Attachment

Content of the Shareholder Proposals
* The content of the written Shareholder Proposals submitted by the Proposing Shareholder is reproduced here in its original form.

I. Proposed Agenda
Amendment to the Company’s articles of incorporation to establish a special committee tasked with the holding policy for listed subsidiaries (currently, specifically, NIHON NOHYAKU CO., LTD.)

II. Details of the Proposal
With regard to the following proposal (hereinafter referred to as “proposal to amend the articles of incorporation“), if the approval or rejection of any other proposals (including proposals related to the Company's proposals) at this ordinary general meeting of shareholder results in the need for formal adjustments (including, but not limited to, amendments to the numbers of the chapters and articles) to the relevant chapters or articles of the articles of incorporation stated as a proposal to amend the articles of incorporation, the chapters and articles pertaining to the proposal to amend the articles of incorporation shall be deemed to be replaced with the corresponding chapters and articles as adjusted.

Amendment to the Company’s articles of incorporation to establish a special committee tasked with the holding policy for listed subsidiaries (currently, specifically, NIHON NOHYAKU CO., LTD.)

The following chapter and articles shall be added to the current articles of incorporation, and Chapter 7 of the current articles of incorporation shall be renumbered as Chapter 8, with Articles 31 through 35 being renumbered as Articles 32 through 36, respectively.
Chapter 7 Special Committee for Reviewing the Policy on Holding Listed Subsidiaries
(Special Committee for Reviewing the Policy on Holding Listed Subsidiaries)
Article 31 The Board of Directors of the Company shall establish a special committee (hereinafter referred to as the “Special Committee“) for reviewing the policy on holding listed subsidiaries for as long as the Company holds listed subsidiaries.
2. The Special Committee shall consist of all external directors of the Company.
3. The Special Committee shall consider the policy on holding the Company's listed subsidiaries, such as sale, conversion to wholly owned subsidiaries, or continuous improvement of shareholder value while maintaining listing status, from the perspective of enhancing the Company's shareholder value. The Special Committee shall make recommendations to the Board of Directors on the results of the deliberation at least once a year, and shall explain the results thereof to the shareholders.

4. The Special Committee shall be convened at least once every quarter, and its resolutions shall be made by a majority of the members present at the meeting, where the majority of the members constituting the Special Committee are present.
5. The details of the procedures for convening and holding meetings of the Special Committee, terms of office and other matters shall be determined by the rules established by the Special Committee.
6. The Special Committee may, as necessary, utilize external advisors.
7. The reasonable expenses required for the operation of the Special Committee shall be borne by the Company.

III. Reason for the Proposal

The proposal seeks to encourage the Board of Directors to consider and take action on the rectification of the parent-subsidiary listings by the establishment of the Special Committee. Parent-subsidiary listings have long been a subject of problem due to concerns such as impairment of shareholder value, governance, and conflicts of interest. In 2018, the Company listed NIHON NOHYAKU CO., LTD. (hereinafter referred to as “NIHON NOHYAKU“), a listed company, as a subsidiary. Since then, the share price of NIHON NOHYAKU has been sluggish, with PBR consistently below 1, and its ROE has been lower than the Company’s. As a result, the Company has been eroding the shareholder value through its ownership of NIHON NOHYAKU.

While the negative impacts of the parent-subsidiary listing on the Company and NIHON NOHYAKU are self-evident, the synergies the Company had intended to achieve at the time of the subsidiary conversion have not materialized even after six years. The Board of Directors has postponed its decisions regarding NIHON NOHYAKU and has failed to take appropriate measures. Through this amendment to the articles of incorporation, the Company will have a mechanism to consider measures to rectify the parent-subsidiary listings and to fundamentally enhance the shareholder value of NIHON NOHYAKU, a subsidiary.

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only.
In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.