May 14, 2025

To whom it may concern:

Company name:	Bunka Shutter Co., Ltd.
Name of representative:	Hiroyuki Ogura, Representative Director and President
	(Securities identification code: 5930; TSE Prime Market)
URL:	https://www.bunka-s.co.jp.e.arb.hp.transer.com/
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Notice Concerning the Board of Directors' Opinions Regarding Shareholder Proposals

This is to provide notification that Bunka Shutter Co., Ltd. (the "Company") has received a document (hereinafter referred to as the "Shareholder Proposal Letter") to the effect that shareholder proposals (hereinafter referred to as the "Shareholder Proposals") would be made regarding the agenda for the 79th Ordinary General Meeting of Shareholders to be held on June 17, 2025 from the Company's shareholders (hereinafter referred to as the "Proposing Shareholders"), and that the Company's Board of Directors has resolved to oppose the Shareholder Proposals at the Board of Directors meeting held today.

I. Details of the Shareholder Proposals from the Proposing Shareholders and Opinions of the Company's Board of Directors

1. Proposing Shareholders
   Name of shareholders: Nippon Active Value Fund PLC
2. Details of the Shareholder Proposals from the above shareholders
   (1) Subjects
      1) Acquisition of treasury shares
      2) Amendments to the Articles of Incorporation regarding the number of Outside Directors
   (2) Details of the agenda
      As stated in "Attachment 1: Details of the Shareholder Proposals from the Proposing Shareholders." The "Attachment 1: Details of the Shareholder Proposals from the Proposing Shareholders" has been stated as the original text in the Shareholder Proposal Letter submitted by the Proposing Shareholders.
   (3) Opinions of the Company's Board of Directors on the Shareholder Proposals
      1) Acquisition of treasury shares
         a. Opinion of the Company's Board of Directors
            The Company's Board of Directors is opposed to this Shareholder Proposal.
         b. Reason for opposing the proposal
            The Company recognizes that the acquisition of treasury shares is effective for enabling flexible capital measures in response to changes in the business environment, increasing the capital efficiency of the Company, and enhancing shareholder returns.
            In its Medium-Term Management Plan (2024-2026), the Company has positioned further promotion of capital cost management financial strategies that balance business growth and shareholder returns as priority measures aimed at achieving permanent corporate value. With a benchmark dividend payout ratio of 40%, the Company is working to further enhance shareholder returns. As a result, for the fiscal year ended March 31, 2025, the annual dividend per share will be 74 yen, an increase of 19 yen from the previous year. In addition, the Company plans to flexibly acquire treasury shares with the primary objectives of enhancing corporate value, improving capital efficiency, and expanding shareholder returns, while taking into consideration market conditions and cash flow, etc., in addition to making capital investments and strategic investments to respond to medium- to long-term changes in the business environment. Specifically, the Company plans to acquire 2.0 billion yen of treasury shares in the fiscal year endings March 31, 2026, and the total return ratio is expected to exceed 60%.

As described above, the Company recognizes the importance of improving capital efficiency and enhancing shareholder returns, but believes the acquisition of treasury shares should be determined based on our medium- to long-term management strategies and capital measures, including the total return ratio in the Medium-term Management Plan mentioned above, as well as actual business performance, and should be executed after taking into consideration the appropriate timing and amount, while taking into consideration the status of trading in the Company's shares and the share price. Article 7 of the Company's Articles of Incorporation stipulates that the Company may acquire treasury shares through market transactions, etc., by a resolution of the Board of Directors. As such, the Company will flexibly deliberate and consider the acquisition of treasury shares at meetings of the Board of Directors.

Therefore, **the Company's Board of Directors is opposed to this Shareholder Proposal**.

2) Amendments to the Articles of Incorporation regarding the number of Outside Directors

a. Opinion of the Company's Board of Directors

The Company's Board of Directors is opposed to this Shareholder Proposal.

b. Reason for opposing the proposal

Of the nine (9) candidates proposed for the position of Director (excluding those who concurrently serve as Audit and Supervisory Committee Members) nominated by the Board of Directors, the five (5) internal director candidates are well-versed with the Company's business, having abundant and wide-ranging knowledge and a high level of expertise based on their work experience in various divisions of the Company. In addition, the four (4) candidates proposed for the position of Outside Director include individuals with management experience at a major asset management firm and with experience in investor relations and as Chief Financial Officer (CFO) at a leading manufacturing company. The two new candidates bring expertise in digital transformation (DX) consulting for large corporations and in product development in the fields of telecommunications and information networks at a major telecommunications company. (If the appointments of these two new candidates are approved, they are expected to be designated as independent directors in accordance with the requirements of the Tokyo Stock Exchange.) All four candidates possess broad insight, abundant experience, and a high degree of expertise in their respective fields.

In addition, the five (5) candidates for Directors who concurrently serve as Audit and Supervisory Committee Members include lawyers who are legal experts, persons with management experience at other companies, and with academic knowledge. Each possesses a wide range of knowledge insight backed by abundant experience, and four (4) of them are candidates for Independent Outside Director.

If the appointment of all fourteen (14) Director candidates, including those who will concurrently serve as Audit and Supervisory Committee Members, is approved, the Board of Directors will include four (4) female directors (28.5%) and Independent Outside Directors will constitute a majority (57.1%). The Board of Directors will be of appropriate composition in terms of number, taking into account a balance of individuals who can demonstrate strengths in managing various business domains and those who are suitable for maintaining and improving and business administration and compliance.

The Company believes that the Board of Directors, which consists of candidates for Director proposed by the Company, not only maintains sufficient independence, but also has an optimal composition that combines diversity and expertise in accordance with the Company's business environment and business characteristics, such as active discussions from various perspectives in supervising the execution of management for the sustainable growth of the Group and the enhancement of its corporate value over the medium to long term.

At the same time, the Company believes that the establishment of such a provision in the Articles of Incorporation as proposed in the Shareholder Proposal may actually limit the scope of selection of candidates for Director and hinder the maintenance of an optimal composition of the Board of Directors.

Therefore, **the Company's Board of Directors is opposed to this Shareholder Proposal**.

Attachment 1: Details of the Shareholder Proposals from the Proposing Shareholders

The headings, subjects, details and grounds for the proposals have been sorted for each proposal, and have been written as the original of the proposals submitted by the shareholders.

I. Proposed subjects
1. Acquisition of treasury shares
2 Amendments to the Articles of Incorporation regarding the number of Outside Directors

II. Summary of and grounds for proposals

1. Acquisition of treasury shares
(1) Summary of proposal
Pursuant to Article 156, paragraph (1) of the Companies Act, within one year from the conclusion of this Ordinary General Meeting of Shareholders, the Company shall acquire up to 7,220,000 shares of the Company's common shares at a total maximum acquisition price of 13,718,000,000 yen in monetary payment.

(2) Grounds for proposal
Although the share price of the Company has been gradually trending upward, it would be fair to say that in the market's assessment, the measures of the Company are still insufficient. Accordingly, with the aim to further increase the Company's shareholder returns and improve capital efficiency, we believe that the Company should adopt a policy whereby it acquires approximately 10% of its total outstanding shares (excluding treasury shares) as treasury shares and take measures for cancellation in accordance with Article 178 of the Companies Act.

2 Amendments to the Articles of Incorporation regarding the number of Outside Directors
(1) Summary of proposal
In order to ensure that Outside Directors constitute a majority in the Company, Article 22 of the Articles of Incorporation shall be amended as follows.

Before amendments	After amendments
Number of Directors Article 22 The Company shall have no more than nine (9) Directors (excluding those who concurrently serve as Audit and Supervisory Committee Members). The Company shall have no more than five (5) Directors who concurrently serve as Audit and Supervisory Committee Members. 2 (Newly established)	Number of Directors Article 22 The Company shall have no more than nine (9) Directors (excluding those who concurrently serve as Audit and Supervisory Committee Members). The Company shall have no more than five (5) Directors who concurrently serve as Audit and Supervisory Committee Members. 2 A majority of the Directors of the Company shall be Outside Directors, as provided for in Article 2, paragraph (1) (xv) of the Companies Act.

(2) Grounds for proposals
Principle 4.8 of Japan's Corporate Governance Code states, "Independent directors should fulfill their roles and responsibilities with the aim of contributing to sustainable growth of companies and increasing corporate value over the mid- to long-term. Companies listed on the Prime Market should therefore appoint at least one-third of their directors as independent directors that sufficiently have such qualities. Irrespective of the above, if a company listed on the Prime Market believes it needs to appoint the majority of directors (at least one-third of directors if listed on other markets) as independent directors based on a broad consideration of factors such as the industry, company size, business characteristics, organizational structure and circumstances surrounding the company, it should appoint a sufficient number of independent directors." In addition, Principle 4.7 of Japan's Corporate Governance Code lists "Appropriately representing the views of minority shareholders and other stakeholders in the boardroom from a standpoint independent of the management and controlling shareholders" as one of the roles and responsibilities of independent directors.

Although the Company satisfies the criteria of having at least one-third of Directors be Outside Directors, as six (6) of twelve (12) Directors are Outside Directors, we believe that, by more actively ensuring that a majority of Directors, the Company will be able to improve capital efficiency and enhance shareholder returns, while also putting a corporate governance system in place that contributes to the sustainable growth of the Company and the enhancement of corporate value over the medium and long term.