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 6772
June 4, 2025

To Our Shareholders

Yoshiki Iwasaki, Representative Director President
**Tokyo Cosmos Electric Co., Ltd.**
2-12-1 Sobudai, Zama-City, Kanagawa, Japan

# Notice of Convocation of the 68th Ordinary General Meeting of Shareholders

We would like to express our deep appreciation to all of our shareholders for your continued supports.
You are cordially invited to attend the 68th Ordinary General Meeting of Shareholders of Tokyo Cosmos Electric Co., Ltd. (the "Company"), which will be held as indicated below.

The Company's website:
https://www.tocos-j.co.jp/e/index.html
(Please access the above website and select "IR Information," "General Meeting of Shareholders" and "Fiscal Year 2025 (the 68th) Ordinary General Meeting of Shareholders" in order from the menu.)

Website for informational materials for the general meeting of shareholders:
https://d.sokai.jp/6772/teiji/ (in Japanese)

In addition to the Company's website, the matters subject to measures for electronic provision are also posted on the website of the Tokyo Stock Exchange (TSE) shown below.

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 "Tokyo Cosmos Electric Co., Ltd." in "Issue name (company name)" or the Company's securities code "6772" 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 by one of the following methods**. Please exercise your voting rights by 5:00 p.m. on Monday, June 23, 2025 (JST).

[Exercise of voting rights via the Internet]
To exercise your voting rights, please access the website (https://evote.tr.mufg.jp/), log in using the "Voting Rights Exercise Code" and "Password" indicated on the enclosed Voting Rights Exercise Form, which was sent with this Notice of Convocation, and enter your approval or disapproval for each proposal by following the instructions on the screen.

[Exercise of voting rights in writing (postal mail)]
Please indicate your approval or disapproval for each proposal on the enclosed Voting Rights Exercise Form and return it to the Company by mail so that it arrives before the deadline mentioned above.

**1. Date and time:** Tuesday, June 24, 2025, 10:00 a.m. (Reception starts at 9:30 a.m.) (JST)

**2. Venue:** 3-8-1 Sagamiono, Minami-ku, Sagamihara-City, Kanagawa, Japan
8F Hotel Building, Sagamiono Station Square Hall B
"Banquet Hall Phoenix," Party Room by MONDO (Venue is different from the previous year.)

**3. Purposes:**

**Matters to be reported:**

1. The Business Report and the Consolidated Financial Statements, and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Committee for the 68th fiscal year (from April 1, 2024 to March 31, 2025)
2. The Non-consolidated Financial Statements for the 68th fiscal year (from April 1, 2024 to March 31, 2025)

**Matters to be resolved:**

**<Company Proposals (Proposals No. 1 and No. 2)>**

**Proposal No. 1** Appropriation of Surplus

**Proposal No. 2** Election of Five (5) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

**<Shareholder Proposals (Proposal No. 3 through No. 5)>**

**Proposal No. 3** Election of Five (5) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

**Proposal No. 4** Decision on the Amount of Remuneration, Etc. for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

**Proposal No. 5** Election of Three (3) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

**4. Matters prescribed of the convocation (information on the exercise of voting rights)**

(1) If you exercise your voting rights in writing (postal mail) and do not indicate your approval or disapproval of any of the proposals on the agenda, the Company will treat your vote as an "approval" for the Company's proposals and a "disapproval" for the shareholder's proposals.

(2) If you exercise your voting rights more than once via the Internet, the last exercise of voting rights will be deemed valid.

(3) If you exercise your voting rights both via the Internet and in writing (postal mail), the vote exercised via the Internet will be deemed valid, regardless of the date of arrival.

(4) If you exercise your voting rights by proxy, one other shareholder who has voting rights may attend the meeting as your proxy. In this case, please note that written proof of the right of proxy needs to be submitted.

- When attending the meeting in person, please submit the enclosed Voting Rights Exercise Form to the reception desk at the meeting venue.
- In the event of any modification to the matters subject to measures for electronic provision, a notification to that effect will be posted on the Company's website and the TSE website, with both before and after the modification.
- In accordance with a revision of the Companies Act, in principle you are to check the matters subject to measures for electronic provision by accessing either of the websites mentioned above, and we have decided to deliver paper-based documents stating the matters only to shareholders who request the delivery of paper-based documents by the record date. However, for this general meeting of shareholders, we have delivered paper-based documents stating the matters subject to measures for electronic provision to all shareholders, regardless of whether or not they have requested them.

  Of the matters subject to measures for electronic provision, the following matters are not included in the paper-based documents to be sent to you, pursuant to the provisions of laws and regulations and Article 16 of the Articles of Incorporation of the Company.

  (1) "System to Ensure the Appropriateness of Business Operations and the Status of Its Operation" in the Business Report

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

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

  Accordingly, the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements described in these documents are part of the documents audited by the Financial Auditor in preparing the Financial Audit Report and the Audit & Supervisory Committee Members in preparing their audit report.
- Please note that the Notice of Resolutions of the General Meeting of Shareholders and the Report will be posted on the Company's website above instead of being sent to you in writing.

# Reference Documents for the General Meeting of Shareholders

**<Company Proposals (Proposals No. 1 and No. 2)>**

**Proposal No. 1** Appropriation of Surplus

The Group recognizes that the return of profits to shareholders is one of the most important management issues. Therefore, our basic policy is to pay stable dividends consistently and allocate the profits fairly based on business performance using the Dividend on Equity ratio (DOE) as an index, while making sure to secure funds required for strategic investments and strengthening of financial position to improve a medium- to long-term corporate value.

(Dividend on Equity ratio (DOE) = Amount of dividend/Amount of average net assets)

The Company has given consideration to matters including the business performance of the fiscal year and future business development, and it proposes to pay a year-end dividend for the fiscal year of ¥175 per share (DOE 3.2%) to respond to its shareholders' support.

Year-end dividends

(1) Type of dividend property
Cash

(2) Allotment of dividend property and their aggregate amount
¥175 per common share Total amount ¥236,542,600

(3) Effective date of dividends of surplus
June 25, 2025

(4) Starting date of dividend payments
July 16, 2025

Starting date of dividend payments

To ensure there is sufficient time to process the dividend payments according to the result of the resolution for dividends of surplus on the day of the General Meeting of Shareholders, the Company has set July 16, 2025 as the starting date of dividend payments.

We appreciate your understanding.

**Proposal No. 2** Election of Five (5) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

The terms of office of all four Directors (excluding Directors who are Audit & Supervisory Committee Members) will expire at the conclusion of this meeting. Therefore, the Company proposes the election of five Directors (excluding Directors who are Audit & Supervisory Committee Members). In addition, the consent of the Audit & Supervisory Committee has been obtained for this proposal.

The candidates for Directors (excluding Directors who are Audit & Supervisory Committee Members) are as follows:

| Candidate No. | Name (Date of birth) | Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company) | | Number of the Company's shares owned |
|---|---|---|---|---|
| 1 | Yoshiki Iwasaki (January 24, 1955) | Jul. 1976 | Joined Matsushita Kotobuki Electronics Co., Ltd. (currently PHC Corporation) | 6,500 |
| | | Jan. 2001 | President of Matsushita Kotobuki Electronics Industries of America Inc. | |
| | | Apr. 2004 | Group Manager in charge of Visual Products Technology, Matsushita Kotobuki Electronics Co., Ltd. | |
| | | Jan. 2006 | Group Manager of Visual Products Business Division 1, Panasonic Shikoku Electronics Co., Ltd. (currently PHC Corporation) | |
| | | Jan. 2012 | Healthcare Systems Solution Advisor, Marketing Division, Panasonic Healthcare Co., Ltd. (currently PHC Corporation) | |
| | | Jun. 2014 | Executive Officer and Deputy General Manager of Production Division of the Company | |
| | | Jun. 2017 | Representative Director President (current position) | |
| | [Reasons for nomination]<br>Yoshiki Iwasaki possesses experience in areas such as technology development and quality control gained over many years of working in the electronics industry. He also has in-depth knowledge of manufacturing and corporate management experience from serving as President of Matsushita Kotobuki Electronics Industries of America Inc. As Executive Officer and Deputy General Manager of Production Division of the Company, he has made considerable contributions, including making production more efficient, enhancing quality, establishing new product projects, and promoting operational reform campaigns. Since his appointment as Representative Director President in June 2017, he has significantly expanded the Company's business results. The Company judges that he is essential to achieving plans and realizing the further development of the Company and therefore continues to nominate him as a candidate for Director. | | | |

| Candidate No. | Name (Date of birth) | Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company) | Number of the Company's shares owned |
|---|---|---|---|
| 2 | Hideo Nakajima (October 2, 1959) | Apr. 1982 Joined NSK Ltd.<br>Apr. 2003 General Manager of Electronics Sales Department, Industrial Machinery Business Division<br>Jun. 2011 Executive Officer<br>Jun. 2013 Managing Executive Officer<br>Jun. 2016 Senior Managing Director of NSK Micro Precision Co., LTD.<br>May 2019 Joined the Company; Advisor to Overseas Sales Division<br>Apr. 2020 Deputy General Manager of Sales Division<br>Jun. 2020 Director and General Manager of Sales Division<br>Jun. 2021 Managing Director, General Manager of Sales Division, and in charge of Production Division<br>Jun. 2022 Executive Managing Director, General Manager of Sales Division, and in charge of Production Division<br>Jun. 2023 Executive Managing Director, General Manager of Sales Division, and General Manager of Production Division (current position) | 3,700 |
| | [Reasons for nomination]<br>Hideo Nakajima possesses experience gained by serving as a managing executive officer of a major parts manufacturer, among other positions, and he has wide-ranging knowledge of and personal connections in the parts industry. He also has sufficient experience of corporate management, having served in positions of great responsibility at two companies. As Executive Managing Director of the Company, he is currently focusing on improving operations in the Sales Division and Production Division and he has made a significant contribution to improving business results. The Company judges that he remains essential to achieving plans and realizing the further development of the Company and therefore continues to nominate him as a candidate for Director. | | |

| Candidate No. | Name (Date of birth) | Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company) | | Number of the Company's shares owned |
|---|---|---|---|---|
| 3 | Kazutomo Miyata (December 11, 1966) | Apr. 1991 | Joined NIKON CORPORATION | 500 |
| | | Sept. 1997 | Joined Sony Corporation (currently Sony Group Corporation) | |
| | | Apr. 2013 | Joined OIKE & Co., Ltd. | |
| | | Apr. 2015 | General Manager of Frontier Center | |
| | | Dec. 2016 | Joined SHIBAKAWA MFG CO., LTD.; General Manager of Technology Department | |
| | | Jan. 2018 | Executive Officer in charge of Technology | |
| | | Jul. 2022 | Joined the Company; Advisor to Technology Division | |
| | | Nov. 2022 | Deputy General Manager of Technology Division | |
| | | Apr. 2023 | Executive Officer and Deputy General Manager of Technology Division | |
| | | Jun. 2024 | Director, General Manager of Technology Division and General Manager of Quality Control Division (current position) | |
| | [Reasons for nomination]<br>Kazutomo Miyata possesses extensive experience and advanced knowledge gained from working in design and development divisions at major companies. He has been involved in operations including new product development and market launches, strengthening the structure of business divisions through human resources development, carrying out market analysis for creating new businesses, product planning, and business promotion, andNo other individual within the Company possesses insight in these areas. Since joining the Company, he has been focusing on making design operations in a technology division more efficient and human resources development, and he has made a considerable contribution to business results by strengthening organizational, technological, and product development capabilities. Based on the above, the Company judges that he is essential to the Company's promotion in terms of strengthening important existing technologies and products and developing new technologies and products, and therefore renominates him as a candidate for Director. | | | |

| Candidate No. | Name (Date of birth) | Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company) | | Number of the Company's shares owned |
|---|---|---|---|---|
| 4 | Jun Kubota (September 16, 1961) | Mar. 1988 | Joined Arthur Andersen & Co. | 500 |
| | | Jul. 1996 | Joined Boston Scientific Japan K.K. | |
| | | Mar. 2000 | Joined Ushio Inc. | |
| | | Apr. 2002 | Companywide Systems Integration Project Leader (CIO position) | |
| | | Apr. 2005 | General Manager of Operational Reform IT Supervision Office (CIO/Group CIO position) | |
| | | Feb. 2015 | Joined SEAOS, Inc. | |
| | | Mar. 2015 | Director, General Manager of Administration Division, CFO, CIO | |
| | | Feb. 2022 | Joined the Company; Advisor to Administration Division | |
| | | Apr. 2023 | Executive Officer and General Manager of Business Planning Office | |
| | | Jun. 2024 | Director, General Manager of Administration Division (current position) | |
| | [Reasons for nomination]<br>Jun Kubota possesses knowledge and experience in a variety of fields, including operational improvement consulting at a major overseas accounting firm, operational and systems reforms and the introduction of internal controls at major companies in Japan and overseas, and oversight of overall administration operations and the handling of venture capital firms as Director, CFO, and CIO of a company preparing to list. Since joining the Company, he has devoted himself to activities that contribute to the enhancement of the Company's management foundation, such as reviewing operational systems, implementing initiatives to strengthen administration departments, and advancing IR and SR activities. Based on the above, the Company judges that he is essential to the Company's development in terms of advancing important financial strategies and transitioning to management that is conscious of cost of capital, and therefore renominates him as a candidate for Director. | | | |

| Candidate No. | Name (Date of birth) | Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company) | | Number of the Company's shares owned |
|---|---|---|---|---|
| 5<br>New election | Shinichiro Kohri<br>(March 2, 1965) | Apr. 1990<br>Oct. 2000<br>Aug. 2005<br>Apr. 2015<br><br><br>Mar. 2023<br>Mar. 2024<br><br>Jun. 2024<br>May 2025 | Joined Canon Inc.<br>Canon U.S.A., Inc.<br>Product Planning Center, Imaging Equipment Headquarters, Canon Inc.<br>Manager of Production System Section 11, Production System Department I, Imaging Equipment Production System Business Unit, Imaging Equipment Headquarters<br>Joined Trust Construction Co., Ltd.<br>Joined the Company; Advisor to Technology Division<br>Deputy General Manager of Technology Division<br>Executive Officer and Deputy General Manager of Technology Division (current position) | 0 |
| | [Reasons for nomination]<br>Shinichiro Kohri possesses diverse knowledge related to new product planning through his experience at the product planning division and overseas subsidiaries of a major company. His insight and experience in methodologies essential for new market development, such as marketing, market and competitor analysis, and research into new production technologies, are indispensable to the Company.<br>After joining the Company, he has focused on leveraging such insight to reconstruct and execute the design flow, including the market research phase, and to strengthen technology and human resources across the organization, including production sites, thereby contributing immensely to the strengthening of the Company's organization.<br>Based on the above, the Company judges that he is essential to the Company's development in terms of strengthening its manufacturing capabilities, and therefore nominates him as a candidate for Director. | | | |

Notes: 1. There is no special interest between any of the candidates for Directors and the Company.

2. The Company entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The policy covers the legal damages and dispute costs incurred by the insured under the policy. If each candidate is elected and assumes the office as Director, each of them will be included as an insured in the policy. In addition, when the policy is renewed, the Company plans to renew the policy with the same terms.

(Reference) Expertise and Experience Required by Directors of the Company (Skills Matrix)

| Name | Position | | Tenure | Attendance at Board of Directors meetings | Special areas of expertise and experience | | | | | | | Committee | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Corporate management | Global management | Internal controls and governance | Technology and manufacturing | Sales and marketing | Accounting and finance | Human resources and labor affairs | Audit & Supervisory Committee | Nomination and Remuneration Committee |
| Yoshiki Iwasaki | Representative Director President | | 8 years | 19/19 | ● | ● | ● | ● | | | | | ○ |
| Hideo Nakajima | Executive Managing Director | | 5 years | 19/19 | ● | ● | ● | | ● | | | | |
| Kazutomo Miyata | Director | | 1 year | 13/13 | | | | ● | | | | | |
| Jun Kubota | Director | | 1 year | 13/13 | ● | | ● | | | ● | ● | | |
| Shinichiro Kohri | Director | | – | – | | | | ● | | | | | |
| Takaaki Yamamoto | Director Audit & Supervisory Committee Member | Outside Independent | 1 year | 13/13 | ● | | ● | | | ● | | ◎ | |
| Masanori Ono | Director Audit & Supervisory Committee Member | Outside Independent | 11 years | 19/19 | | | ● | | | | | ○ | ◎ |
| Takako Morita | Director Audit & Supervisory Committee Member | Outside Independent | 7 years | 19/19 | | | ● | | | ● | | ○ | |
| Kaneki Yamaguchi | Director Audit & Supervisory Committee Member | Outside Independent | 1 year | 13/13 | ● | ● | ● | ● | | | | ○ | ○ |

◎= Chair ○= Member

Notes: 1. Based on the management structure following the approval of this proposal at the Ordinary General Meeting of Shareholders.

2. This matrix shows a maximum of four main skills for each director and does not represent their entire knowledge.

3. Tenure includes time served as both Director and Director who is an Audit & Supervisory Committee Member.

**<Shareholder Proposals (Proposal No. 3 through No. 5)>**

Proposals No. 3 to No. 5 were proposed by two shareholders.

The names of the proposals, the outline of the proposals, and the reasons for the proposals are reproduced in their original form in the relevant portions of the documents regarding the shareholder proposals received from the proposing shareholders (excluding adjustments based on our Stock Handling Rules and other formal adjustments).

In addition, the opinion of the board of directors' meeting has been revised and amended in part to the previously disclosed document " Notice Regarding the Opinion of the Board of Directors' meeting of the company on the Shareholder's Proposal "

(Shareholder's Proposal from Global ESG Strategy)

**Proposal No. 3** Election of Five (5) Directors (excluding Directors who are members of the Audit Committee)

⑴ Reasons for the proposal

The Company should aim to improve its corporate value and shareholder value by renewing its directors (excluding Directors who are members of the Audit Committee) and appointing new directors who can reliably formulate and implement the Company's growth strategy.

We propose Mr. Hayato Wakabayashi, Mr. Ryuji Nishitateno, Mr. Yasuto Monden, Mr. Naoki Isetani, and Mr. Makoto Ohki be appointed as our directors (excluding directors who are members of the Audit Committee) in order to enhance our corporate value and promote our long-term growth.

We believe that the challenges facing the Company include deteriorating growth and profitability, underutilization of excess capital, and lack of successors. In this regard, the candidates we are proposing for directors (excluding Directors who are members of the Audit Committee) are experts in domestic and international corporate management, including manufacturing, investment strategy, financial accounting, etc., and are capable of re-formulating and ensuring the implementation of our growth strategy with respect to the above issues for all our stakeholders. In particular, Mr. Wakabayashi, Mr. Nishitateno and Mr. Monden will serve as our full-time directors and will work with other outside directors and our executives and employees to resolve issues facing the Company. In order to lead the Company to growth, it is essential to reorganize the Board of Directors by appointing five new directors (excluding Directors who are members of the Audit Committee) as we propose.

Please refer to "Reasons for selecting the candidates for the Board of Directors and summary of expected roles, etc." in each candidate's biography for a description of how each candidate will contribute to the Company's growth. Since Mr. Monden is the Chief Investment Officer of Swiss-Asia Financial Services Pte. Ltd., the manager of the proposed shareholder, in order to avoid substantial conflicts of interest between shareholders and directors, even if he is elected as a director of the Company (excluding directors who are members of the Audit Committee), he will decline any director's remuneration from the Company.

The current directors of the Company (excluding directors who are members of the Audit Committee), Mr. Miki Iwasaki, Mr. Hideo Nakajima, Mr. Kazutomo Miyata and Mr. Jun Kubota, should not be reappointed.

The current directors of the Company (excluding directors who are members of the Audit Committee), Mr. Miki Iwasaki, Mr. Hideo Nakajima, Mr. Kazutomo Miyata, and Mr. Jun Kubota, have failed to demonstrate any concrete measures as executive directors to address the following issues of the Company. Therefore, it must be said that they do not have sufficient managerial ability to be entrusted with the management of our company, which is a listed company, as directors, and should not be reappointed. We believe that it is desirable for them to continue to serve the Company in areas where they have individual strengths as officers and employees who are not directors.

(a) Failure to demonstrate concrete measures to improve deteriorating growth and profitability, and management not conducting stock price conscious management

Although the Company achieved a record-high consolidated net sales of 10.7 billion yen in the fiscal year ended March 31, 2023, it is now in a contractionary balance with 10.4 billion yen in the fiscal year ending March 31, 2024 and 10.0 billion yen in the forecast for the full fiscal year ending March 31, 2025. Although the company achieved operating income of 1.35 billion yen (operating margin of 12.6%) in the fiscal year ended March 31, 2023 as a result of cost reductions, including a reduction in the number of employees, the fiscal year ending March 31, 2024 is 1.26 billion yen (operating margin of 12.1%), and the forecast for the full-year consolidated operating income of 850 million yen (operating margin of 8.5%) for the fiscal year ending March 31, 2025.. Both growth and profitability are deteriorating.[1,2]

In this environment, although the Company announced its second medium-term management plan (2024 ~ 2026) in April 2024, [3] its numerical targets are 10.5 billion yen in net sales and 1.05 billion yen in operating income (operating margin of 10%) for FY2026, a three-year plan with no growth from the current situation. The fact that the three-year period through the fiscal year ending March 31, 2027 is designated as a “growth investment” period, despite the fact that growth has already slowed for two consecutive fiscal years, indicates that the current management team has no sense of crisis regarding the slowdown in the Company's growth. When we asked Mr. Iwasaki for his opinion on the Company's stock price, he explained that he did not know because the market determines the price, and did not express his opinion as a member of the management team or as a representative of the Company. Based on these responses, we have no choice but to conclude that President Iwasaki, as a member of the management team, does not manage the company with an awareness of the stock price.

(b) Failure to effectively utilize surplus funds for investment in growth and shareholder returns

Despite the fact that the Second Mid-Term Management Plan, which begins in the fiscal year ending March 31, 2025, calls for “total capital investment/research and development expenditure target of 2 billion yen,” only 15.86 million yen was recorded for the acquisition of tangible fixed assets in the first six months of the fiscal year ending September 30, 2025.[4] In addition, until now, one year after the release of the 2nd Mid-Term Management Plan, management has not provided any specific measures to shareholders regarding investment in growth or shareholder returns. In the meantime, our shareholders' equity and net cash have continued to increase (approximately 1.9 billion yen as of December 31, 2024), and it is clear that our directors are not making effective use of management resources. With the current management team in place, we cannot expect to realize a growth investment of 2 billion yen in 3 years.

(c) Failure to train successors

President Mr. Iwasaki turned 70 years old this year, and we have not seen any strong candidates for his successor in the current management structure. The fact that no effective succession plan has been presented raises doubts about the execution of our management plan.

[1] Summary of financial results for the third quarter of the fiscal year ending March 31, 2025 (Japanese GAAP) (consolidated)

https://www.tocos-j.co.jp/tocos-j-wp/wpcontent/uploads/2025/02/ir20250210.pdf

[2] Third Quarter Financial Results for the Fiscal Year Ending March 2025

https://www.tocos-j.co.jp/tocos-j-wp/wpcontent/uploads/2025/02/ir250210.pdf

[3] Formulation of the second medium-term management plan and measures to realize management that takes into account capital costs and stock prices (April 2, 2024)

https://www.tocos-j.co.jp/tocos-j-wp/wpcontent/uploads/2024/04/20240402-1.pdf

[4] Semi-annual report (the fiscal year ending March 31, 2025)

https://www.tocos-j.co.jp/jp/ir/notice/pdf/20241114.pdf

⑵ Summary of the Proposal

① Proposition 1 (Candidate No. 1)

(a) Outline of Proposition

It is proposed that Mr. Hayato Wakabayashi be elected as Director (excluding Directors who are Audit Committee Members).

(b) Reason for the proposal

As stated in the common reason for the proposal above.

(c) Brief personal history, etc. of the candidate

Hayato Wakabayashi Date of Birth August 31, 1961

■ Brief Personal History, Positions, Responsibilities and Important Concurrent Positions

| | |
|---|---|
| April 1985 | Joined Matsushita Electric Industrial Co. |
| Apr. 1998 | President of Panasonic Financial Centre Malaysia Sdn. |
| Apr. 2007 | Director and President of Matsushita Electric (China) Finance Co. |
| Feb. 2009 | Finance Planning Team, Finance & Investor Relations Group, Head Office<br>Financial Planning Team Leader, Finance & Investor Relations Group, Head Office |
| July 2013 | General Manager, Finance & Investor Relations Group, Corporate Strategy Division, Panasonic Corporation<br>General Manager, Finance & Investor Relations Group<br>and Financial Strategy Team Leader (Board Member) |

| | |
|---|---|
| May 2015 | Joined J. FRONT RETAILING Co.<br>In charge of Financial Policy with Business Administration Department, J. FRONT RETAILING Co. |
| September 2015 | Executive Officer, J. FRONT RETAILING Co.<br>In charge of Financial Strategy and Policy, Business Management Department, J. FRONT RETAILING Co. |
| March 2016 | General Manager of Financial Strategy & Policy, J. FRONT RETAILING Co.<br>In charge of Financial Policy, FRONT RETAILING Co. |
| May 2016 | Director, the above company (to present) |
| March 2017 | In charge of Finance & Treasury Policy, the above company |
| May 2017 | Executive Vice President and Executive Officer, the above company (to present) |
| May 2018 | General Manager of Finance & Treasury Policy Department, the above company |
| May 2020 | Director, PARCO Co. |
| May 2023 | Director, Daimaru Matsuzakaya Department Stores Co. (present post) |
| March 2025 | Executive Officer, Executive Vice President, President's Special Missions, J. FRONT RETAILING Co. (to present) |

(Important Concurrent Positions)

Director, Executive Vice President, President's Special Missions of J. FRONT RETAILING Co.

Director, Daimaru Matsuzakaya Department Stores Co.

(However, all are scheduled to retire as of May 29, 2025)

Number of the Company's shares held: 0 shares

■ Reasons for the selection of Mr. Wakabayashi as a candidate for Director and outline of expected role, etc.

Mr. Hayato Wakabayashi has experience working for a major Japanese general electronics manufacturer in Japan and Asia, and currently serves as a director of J. FRONT RETAILING Co. a holding company whose group companies operate major department stores and goods retailers in Japan, etc. He also has extensive knowledge of finance and IR as CFO of a major listed company. He also has extensive knowledge of finance and investor relations as a CFO of a major listed company. Currently, the Company faces the following issues: lack of a clear management strategy, limited growth potential of existing businesses, uncertainty in creating new businesses and products, lack of investment for growth, and immature financial policies. We expect that Mr. Wakabayashi's many years of experience in management, particularly at major Japanese general electronics manufacturers and major retailers, will bring to the Company's management knowledge of more sophisticated business and financial strategies, which will enhance the Company's corporate value. For these reasons, we propose the election of Mr. Wakabayashi as a director. Mr. Wakabayashi is expected to be a full-time director.

■ Existence or non-existence of special interest relationship

There are no special interests between Mr. Hayato Wakabayashi and the Company.

② Proposition 2 (Candidate No.2)

(a) Outline of Proposition

It is proposed that Ryuji Nishitateno be elected as Director (excluding Directors who are Audit Committee Members).

(b) Reason for the proposal

As stated in the common reason for the proposal above.

(c) Brief personal history, etc. of the candidate

Ryuji Nishitateno Date of Birth October 8, 1974

■ Brief Personal History, Positions, Responsibilities, and Important Concurrent Positions

| | |
|---|---|
| April 2001 | Joined Boston Consulting Group, Inc. |
| October 2006 | Joined Bain Capital Private Equity Asia, LLC |
| May 2008 | Joined TPC Capital Co. |
| January 2010 | Established Axon Holdings Corporation (currently NEUTRON Corporation), President and Representative Director (to present) |
| November 2010 | Advisor, AEON Co. |
| April 2013 | Special Assistant to the President and Specially Appointed Professor, Tokyo University of Science |
| July 2017 | Director, Alue Co. (current position) |

(Important Concurrent Positions)

Representative Director and President, NEUTRON Co.

Director, Alue Co. (current position)

Number of the Company's shares held: 0 shares

■ Reasons for the selection of Mr. Ryuji Nishitateno as a candidate for Director and outline of expected role, etc.

Mr. Ryuji Nishitateno has experience at a major U.S. strategy consulting firm and a major U.S. private equity firm, and is currently working as a strategy consultant. He has knowledge of business and management strategies of companies in Japan and abroad. At present, where the Company faces challenges such as limited growth potential of existing businesses, uncertainty in creating new businesses and products, and lack of investment for growth, we expect that Mr. Nishitateno's contribution to the Company's Board of Directors, from his position as an expert in business and management strategies, will enhance the Company's corporate value. For these reasons, we propose the election of Mr. Nishitateno as a director. Mr. Nishitateno is expected to be a full-time director.

■ Existence or non-existence of special interest relationship

There are no special interests between Mr. Ryuji Nishitateno and the Company.

③ Proposition 3 (Candidate No. 3)

(a) Outline of Proposition

It is proposed that Yasuto Monden be elected as Director (excluding Directors who are Audit Committee Members).

(b) Reason for the proposal

As stated in the common reason for the proposal above.

(c) Brief personal history, etc. of the candidate

Yasuto Monden Date of Birth January 7, 1975

■ Brief personal history, positions, assignments and responsibilities, and important concurrent positions

| | |
|---|---|
| July 2000 | Joined UBS Warburg Securities (now UBS Securities Japan Co., Ltd.) |

Corporate Finance Division, UBS Warburg Securities Japan Ltd.

| | |
|---|---|
| January 2004 | UBS Limited, Investment Banking, EMEA (Europe, Middle East & Africa) (in London) |
| Oct. 2006 | Investment Banking Division, UBS Securities (now UBS Securities Japan Ltd.) |
| January 2010 | Joined Investment Banking Corporate Division, Deutsche Securities Inc. |
| January 2011 | Head of Capital Goods & Chemicals Sector Coverage, Investment Banking Division, Deutsche Securities Inc. |
| June 2012 | President and Representative Director, Aslead Advisory Inc. |
| September 2015 | Joined Lone Star Chapin Acquisitions Inc. as Managing Director |
| May 2017 | Director, Business Investment Manager, Aslead Capital Pte |
| November 2019 | Co-Founder and Managing Director, Aslead Capital Pte. |
| December 2022 | Chief Investment Officer, Swiss-Asia Financial Services Pte. |

(Important Concurrent Positions)

Chief Investment Officer of Swiss-Asia Financial Services Pte.

Number of the Company's shares held: 0 shares

■ Reasons for the nomination of Mr. Yasuto Monden as a candidate for director and summary of expected roles, etc.

Mr. Yasuto Monden has experience working for several foreign investment banks in Japan and overseas and leading business investments in Japan for a major U.S. investment company. He is currently the Chief Investment Officer of a Singapore-based investment management company, where he leads investments in domestic and overseas companies. Mr. Monden has many years of experience in listed equity investments, private equity investments, M&A advisory, capital raising, and hands-on management support, and has extensive knowledge of management and finance as well as global capital markets and ESG issues. Based on this experience, we expect that his contribution to the overall management of the Company will enhance the corporate value of the Company. For these reasons, we propose the election of Mr. Monden as a director. Mr. Monden is expected to be a full-time director.

■ Existence or non-existence of special interest relationship

Mr. Yasuto Monden has no special interest in the Company.

④ Proposition 4 (Candidate No. 4)

(a) Outline of Proposition

It is proposed that Mr. Naoki Isetani be elected as Director (excluding Directors who are Audit Committee Members).

(b) Reason for the proposal

As stated in the common reason for the proposal above.

(c) Brief personal history, etc. of the candidate

Naoki Isetani Date of Birth April 2, 1962

■ Brief Personal History, Positions, Responsibilities and Important Concurrent Positions

| | |
|---|---|
| April 1987 | Joined The Bank of Tokyo (currently The Bank of Mitsubishi UFJ, Ltd.) |
| April 1996 | Research Officer, China East Asia Department, Bank of Tokyo-Mitsubishi (now Bank of Mitsubishi UFJ) |
| August 1997 | Research Officer, Planning Department, Bank of Tokyo-Mitsubishi |

| | |
|---|---|
| May 2003 | General Manager, Japanese Affairs Section, Kwun Dong Branch of the same bank |
| August 2006 | Deputy General Manager, Investment & Loan Planning Department, Mitsubishi UFJ Financial Group |
| February 2011 | Branch Manager, New Delhi Branch, The Bank of Tokyo-Mitsubishi UFJ (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd. |
| May 2013 | Director, General Manager, Asia & Oceania Sales Division (in Singapore), the same bank |
| June 2017 | Executive Officer, Mitsubishi UFJ Financial Group and Executive Officer, Mitsubishi UFJ Securities Holdings (in charge of overseas operations) |
| June 2019 | Managing Executive Officer, Group Deputy CSO, Mitsubishi UFJ Financial Group, and Director, Managing Executive Officer of Mitsubishi UFJ Morgan Stanley Securities and Director, Managing Executive Officer, Mitsubishi UFJ Securities Holdings Co. (In charge of Planning, Alliances, Corporate Communications, CSR, Digital, etc.) |
| June 2021 | Advisor of Mitsubishi UFJ Securities Holdings Co. |
| September 2021 | Representative Director and CEO of The Office of Isetani Co. (to present) |
| October 2021 | Senior Advisor, Oliver Wyman Group (to present) |
| July 2022 | Senior Director, Fitch Ratings Japan (to present) |

(Important Concurrent Positions)

Representative Director and CEO, The Office of Isetani Co.

Senior Advisor, Oliver Wyman Group.

Senior Director, Fitch Ratings Japan

Number of the Company's shares held: 0 shares

■ Reasons for the appointment of Mr. Naoki Isetani as a candidate for director and summary of expected roles, etc.

Mr. Naoki Isetani has a wide range of experience from the banking sector to the securities sector, having been engaged in planning, risk management, and domestic and overseas corporate transactions at major Japanese financial institutions. He also has extensive knowledge of capital markets and capital policies of domestic and foreign companies. At present, the Company's financial strategy, including the appropriate allocation of surplus funds, is in its infancy. Mr. Isetani can provide the Company's Board of Directors with advice on overall management, as well as capital policy and capital markets from a position of expertise, and supervise management. This is expected to lead to a more sophisticated discussion of financial strategies at the Board of Directors and enhance the Company's corporate value. For these reasons, we propose the election of Mr. Isetani as an outside director.

(Note: Mr. Naoki Isetani is a candidate for outside director.)

⑤ Proposition 5 (Candidate No. 5)

(a) Outline of Proposition

It is proposed that Mr. Makoto Ohki be elected as Director (excluding Directors who are Audit Committee Members).

(b) Reason for the proposal

As stated in the common reason for the proposal above.

(c) Brief personal history, etc. of the candidate

Makoto Ohki Date of Birth November 16, 1970

■Brief Personal History, Positions, Responsibilities and Important Concurrent Positions

| | |
|---|---|
| October 1994 | Joined Century Audit Corporation (currently Ernst & Young Shin Nihon LLC) |
| April 1998 | Registered as a Certified Public Accountant |
| February 2001 | Joined Corporate Finance Division, UBS Warburg Securities (currently UBS Securities Japan Co., Ltd.) |
| March 2013 | Managing Director, Head of Financial Strategy, Investment Banking Division, UBS Securities Japan Ltd. |
| September 2016 | Joined Evolution Japan Securities Co.<br>Senior Managing Director |
| May 2019 | Representative Director, Capita Link Partners Inc. |

(Important Concurrent Positions)

Number of the Company's shares held: 0 shares

■Reasons for selection as a candidate for director and summary of expected roles, etc.

Mr. Makoto Ohki has experience as a certified public accountant mainly in accounting audits of Japanese listed companies at a major Japanese audit firm and many years of experience in the investment banking division of a foreign financial institution. Mr. Ohki has deep knowledge of capital markets based on his experience in numerous M&A advisory and capital procurement projects for Japanese financial institutions and business companies. Based on this knowledge, Mr. Ohki is able to provide the Company's Board of Directors with advice on overall management, particularly with respect to finance, accounting, capital strategy, and M&A, and supervise management. This is expected to lead to more sophisticated discussions of financial and investment strategies by the Board of Directors, thereby enhancing the Company's corporate value. For these reasons, we propose the election of Mr. Ohki as an outside director.

■ No special interest relationship

Mr. Makoto Ohki has no special interest in the Company.

(Note) Mr. Makoto Ohki is a candidate for outside director.

Opinion of the board of directors' meeting

**The Board of Directors of the Company opposes this proposal.**

**1. Summary of our opinion**

The Company is of the opinion that, among the Shareholder Proposals made by GES, Propositions to 5 (hereinafter referred to as the "Proposals for Election of Directors") concerning Agenda Item 3 Election of Five (5) Directors (excluding Directors who are members of the Audit Committee)) are all roposals that do not take into consideration the actual situation of the Company's business, the tructure of manufacturers and the realistic situation of the automobile-related parts industry where the Company is located. , and will hinder our medium- to long-term growth and enhancement of corporate alue and stable supply of value-added products that solve customer issues such as ensuring the afety of automobiles.

The reasons for our opinion are described in detail in the next section, "2. Reasons for our opinion," and are summarized as follows.

**(1) Criticisms by the proposer are not on target**.

The proposer arbitrarily excerpts from the Company's management indicators as if the Company's growth and profitability have deteriorated, but this is not a targeted criticism.

Over the last 10 years, we have achieved significant growth in net sales and operating income margin, and have achieved a stable profit structure. In particular, the operating income margin has been above 8% for the last three fiscal years (65th to 67th fiscal years) and for the fiscal year ending March 31, 2025. In order to achieve further growth and expansion in this turbulent business environment, the Company has positioned the three-year period from 2024 to 2026 as a "growth investment" phase, and is developing and investing for a period of "growth and expansion" in 2027 and beyond. The proposer criticizes this period of growth investment as a slowdown in growth, but we must say that this opinion lacks a viewpoint of strategic allocation of management resources from a medium- to long-term perspective.

**(2) Lack of understanding of our business**

The proposer denies the period of growth investment as a period of slowing growth, but we must say that this itself is a proposal that lacks an understanding of our company's business.

The proposer has requested an IR meeting with us in the past, but the proposer's interest at that time was exclusively in our net cash and other financial matters, and we could not see any interest in our business as a manufacturing company.

The proposer's proposal is based on a complete lack of understanding of the fact that the Company's business environment is in a period of drastic change and requires a high level of management judgment.

In our opinion, the proposer's proposal lacks an understanding of our business and is not a proposal for medium- to long-term growth, but rather a proposal aimed at short-term profit.

**(3) The candidate is not qualified to serve as a director of the Company.**

The proposer, GES, is an investment fund, and given the investment tendencies and investment funds of Swiss-Asia Financial Services Pte. Ltd. In the first place, it is impossible to hope for management improvement from a medium- to long-term perspective for a director candidate proposed by a shareholder who aims to earn short-term profits.

In addition, as already mentioned, none of the proposed candidates can be said to have a sufficient understanding of the management of a manufacturing company to respond to changes in the business environment surrounding the Company.

In addition, Mr. Yasuto Monden, one of the candidates, is considered to be in a position to be in charge of the management of GES, an investment fund, which is the shareholder of the proposal, and is therefore highly unsuitable from the viewpoint of conflict of interest.

In other words, there is a strong concern that Mr. Monden's participation in the management of the Company will result in a management strategy that strongly relies on short-term share price appreciation (details of the reasons for this are described in 2(3)(b) below). At the same time, confidential information of the Company will naturally be leaked to investor shareholders, and we believe that Mr. Monden's nomination as a candidate for director of the Company is highly inappropriate from the perspective of conflict of interest, including insider trading prevention.

(For details, please refer to “Separate Volume Explanatory Materials”. In addition to "1. Summary of our opinion" above, "2. Reasons for Our Opinion" and "3. Conclusion" are also listed.)

**For the reasons stated above, we oppose the proposal for the election of directors.**

(Shareholder's Proposal from Global ESG Strategy)

**Proposal No. 4** Establishment of the amount of remuneration, etc. for Directors (excluding Directors who are members of the Audit Committee)

(1) Outline of Proposition

It is proposed that the current quota of remuneration for Directors (excluding Directors who are members of the Audit Committee) be abolished and that the amount of remuneration for Directors (excluding Directors who are members of the Audit Committee) be set at no more than 200 million yen per year (not including the employee's salary for Directors who concurrently serve as employees).

(2) Reason for the proposal

At the 59th Ordinary General Meeting of Shareholders held on June 24, 2016, it was resolved that the amount of remuneration for Directors (excluding Directors who are members of the Audit and Supervisory Committee) of the Company shall be no more than 120 million yen per year, and this has been the case to date. If this Shareholder Proposal No. 1 is approved as proposed, the number of Directors (excluding Directors who are members of the Audit and Supervisory Committee) will be 5 to 8, which is an increase from the current number of 4. We believe it is essential to set appropriate remuneration for capable directors who can contribute to maximizing the Company's corporate value and stock value, and to have them focus on the management of the Company.

Opinion of the board of directors' meeting

**The Board of Directors of the Company is against this proposal.**

The Board of Directors of the Company opposes this proposal for the same reasons stated in Agenda Item 3.

(Shareholder's Proposal from Seisei Co., Ltd.)

**Proposal No. 5** Election of Three (3) Directors (excluding Directors who are members of the Audit Committee)

(1) Outline of the Proposition

To elect the following three individuals as directors (excluding directors who are members of the Audit Committee).

Director Candidate: Li Xiu Peng
Director Candidate: Hisashi Okochi
Director Candidate: Haung Sheng Liao

(2) Reasons for the proposal

In the midst of significant changes in the business environment, we cannot expect the current management team, which is conservative and lacks initiative, to enable the Company to respond to these changes. The current management team announced its second medium-term management plan in April last year, setting numerical targets for sales and other items, but no specific action plans have been announced, and shareholders are unable to verify the progress of these plans. In addition, although some production and sales activities are being carried out at our consolidated subsidiary established in China, we cannot say that we are fully leveraging its strengths. Furthermore, our efforts toward M&A, which we believe would be effective for our growth, are insufficient. The current management team lacks a sufficient understanding of capital efficiency and financial efficiency, and the company's operations remain inefficient. In order to overcome this situation, we need to appoint new directors with specialized knowledge and a pioneering spirit. The brief biographies of the three candidates for directors and the reasons for proposing them as candidates are as follows.

Candidate 1

Name Li Xiu Peng
(Birth date March 18, 1968)

Brief History

| | |
|---|---|
| January 1989 | Established Dalian Housei Food Co., Ltd. as Chairman |
| June 1997 | Established Dalian Housei Catering Management Co., Ltd. as Chairman |
| September 2003 | Co-founded Dalian Tamura Plastic Co., Ltd. as Vice Chairman |
| January 2007 | Appointed Chairman of Dalian Housei Food Co., Ltd. |
| December 2008 | Appointed Chairman of Dalian Nitto Plastic Co., Ltd. |
| April 2010 | Appointed Chairman of Asahi Keiki Co., Ltd. (current position) |
| April 2010 | Appointed Chairman of Dalian Asahi Keiki Co., Ltd. (current position) |
| August 2010 | Representative Director of Seietsu Co., Ltd. |
| June 2011 | Chairman of the Board of Directors of Ikuyo Co., Ltd. |
| September 2012 | Chairman of the Board of Directors of Shinmei Electric Co., Ltd. (current position) |
| September 2013 | Chairman of the Board of Directors of Tamadai Co., Ltd. (current position) |
| October 2015 | Chairman of the Board of Directors of Kyowa DC Co., Ltd. (current position) |
| August 2015 | Chairman of the Board of Directors, Housei Japan Co., Ltd. (current position) |

(Important Concurrent Positions)

Chairman of the Board of Directors, Asahi Keiki Co., Ltd.
Chairman of the Board of Directors, Dalian Asahi Keiki Co., Ltd.
Chairman of the Board of Directors, Shinmei Electric Co., Ltd.
Chairman of the Board of Directors, Tamadai Co., Ltd.
Chairman of the Board of Directors, Kyowa DC Co., Ltd.
Chairman of the Board of Directors, Housei Japan Co., Ltd.

Number of Shares Owned in the Company: 0 shares

Candidate 2

Name Hisashi Okochi

(Birth date May 26, 1965)

Brief Personal History

| | |
|---|---|
| April 1988 | Joined Mitsui Bank, Ltd. (now Mitsui Sumitomo Bank, Ltd.) |
| July 1998 | Joined NEC Corporation |
| April 2000 | Joined Taisho Pharmaceutical Co., Ltd. |
| April 2007 | Joined Yakult Co., Ltd. |
| June 2007 | Passed all subjects of the U.S. Certified Public Accountant Examination (Delaware Board of Accountancy) |
| December 2008 | Joined Nihon Densan Corporation (now Nidec Corporation) |
| July 2019 | Passed Certified Fraud Examiner Examination |

(Important Concurrent Positions)

President and CEO of Shinmei Electric Co., Ltd.

Number of Shares Owned in the Company: 0 shares

Candidate 3

Name Huang Sheng Liao

(Birth date August 5, 1962)

Brief history

| | |
|---|---|
| February 1980 | Joined Dalian Electric Machinery Factory |
| June 1994 | Joined Dalian Nisshin Oil Co., Ltd. |
| March 2008 | Joined Dalian Housei Investment Co., Ltd. |
| April 2016 | Director and Deputy General Manager of Shanghai Shenmei Electric Co., Ltd. Deputy General Manager and Head of the Management Department (current position) |
| April 2016 | Director, Deputy General Manager, and Head of the Management Department of Taicang Shinmei Electronics Co., Ltd. (current position) |
| April 2024 | Director of Shinmei Electric Co., Ltd. (current position) |

(Important Concurrent Positions)

Director, Deputy General Manager, and Head of the Management Department of Shanghai Shinmei Electric Co., Ltd.

Director, Deputy General Manager, and Head of the Management Department of Taicang Shinmei Electronics Co., Ltd.

Director of Shinmei Electric Co., Ltd.

Number of Shares Owned in the Company: 0 shares

*There are no special interests between each candidate for director and the Company.

[Reasons for nominating as a candidate for director]

① Mr. Li Xiu Peng

Mr. Li established his own company in 1989 and has over 20 years of experience in company management in China and Japan. This experience includes the manufacturing and sales of electronic components, and particularly at Shinmei Electric Co., Ltd. (as originally stated), he has served as the representative director of a corporate group

comprising 1,000 employees and overseas subsidiaries for many years and continues to be involved in business operations related to Japan, China, and East Asia. With his extensive experience, global perspective, and flexible thinking that is not bound by the past, he has made significant contributions to the growth of multiple corporate groups.
Based on this experience and approach, he is expected to provide appropriate advice to our company's management, strongly guide our operations, and significantly contribute to the expansion and development of our business.
For the above reasons, we propose the appointment of Mr. Li as a member of the Board of Directors.

② Mr. Hisashi Okochi
Mr. Okochi has worked for listed companies in Japan for over 25 years and has been involved in corporate management as President and Representative Director of Shinmei Electric Co., Ltd. since 2016. Shinmei Electric Co., Ltd. is a specialized manufacturer of electronic components such as switches, solenoids, and relays, and has a sales network overseas. We believe that his experience in corporate management at Shinmei Electric Co., Ltd. will be highly valuable to our company. Additionally, through his experience in banking and corporate accounting departments, he possesses deep expertise in financial accounting and has a proven track record of improving capital efficiency and financial efficiency in the companies he has managed.
Based on his experience and perspective, we expect him to provide appropriate advice on our company's management, bring about a paradigm shift in our corporate governance, and significantly contribute to the expansion and development of our business.
For the above reasons, we propose the appointment of Mr. Okochi as a member of the Board of Directors.

③ Mr. Huang Sheng Liao
Mr. Huang has worked for companies in the manufacturing industry in both Japan and China for over 30 years and has led the management of a Japanese subsidiary in China for over 20 years as a director equivalent to a Japanese board member. He has extensive experience in marketing and labor management in China and is skilled at reaching consensus in situations involving various conflicting interests. Additionally, he possesses a deep understanding of Japanese and Chinese culture and corporate management.
It is expected that Mr. Huang will leverage his background to fully utilize the potential of our company's operations in China and significantly contribute to the efficiency and optimization of our company's management.
For the above reasons, we propose the appointment of Mr. Huang as a member of the Board of Directors.

Opinion of the board of directors' meeting

**The Board of Directors of the Company opposes this proposal.**

**1. Summary of our opinion**

The shareholder proposal submitted by Seisei Co., Ltd. (regarding the appointment of directors) is presumed to be aimed at enabling China Dalian Housei Enterprise Group (hereinafter referred to as "Housei Group") to interfere in the management of our company, based on the background of the proposed director candidates and other factors described below.

However, as explained below, our company believes that there is no synergy between our company and the Housei Group, and that the proposal made by the proposer does not contribute to our company's mid- to long-term growth or enhancement of corporate value but rather harms our corporate value. Therefore, we oppose this proposal.

The reasons for our opinion are detailed in the following section "2. Reasons for the Opinion," but the summary is as follows.

**⑴ The substantive purpose and intent of the proposer's proposal are unclear.**

The three director candidates listed in this shareholder proposal are all executives of subsidiaries under the umbrella of a corporate group based in Dalian, China (Housei Group, details to follow), and it is inferred that the substantive purpose of this shareholder proposal is to enable the Dalian Housei Group to exert significant influence over the management of the Company. However, important points that the proposer should have explained to our shareholders, such as the business policies of the Dalian Housei Group, have not been disclosed to our company at all to date. Furthermore, the reasons cited for this shareholder proposal are highly abstract, stating that the company's management is inefficient and that appointing the proposed board members is necessary to address this situation. The company has doubts about the true intentions of the actual proponents behind this proposal and the specific objectives that the three proposed board members aim to achieve.

**⑵ Synergies with the proposer or the Housei Group are low**

We have determined that there are few synergies between our future growth strategy and the Housei Group. Furthermore, the knowledge and experience of the proposed candidates are not compatible with our business, and, in particular, we cannot expect Mr. Li Xiu Peng to be substantially involved in our management.

### ⑶ No specific business discussions have taken place

Our company and the proposer have held several discussions to explore business cooperation, but based on the course of these discussions, it does not appear that the proposer has seriously considered a business alliance with our company, and we do not believe that this shareholder proposal is intended to establish a serious business alliance or similar relationship.

### ⑷ The ineligibility of the candidate for director

During the discussions mentioned in ③ above, Mr. Li Xiu Peng, who is the representative and chairman of the Housei Group and also a candidate for this proposal, stated that he had little knowledge of our company's business operations, specifically production and manufacturing, and that he had a lack of familiarity with the management of Japanese companies, which led him to step down from the management of a listed Japanese company. We believe that Mr. Li Xiu Peng (currently based in Dalian) would find it difficult to substantively participate in the management of our company as a director and make appropriate management decisions.

(For details, please refer to “Separate Volume Explanatory Materials”. In addition to "1. Summary of our opinion" above, "2. Reasons for Our Opinion" and "3. Conclusion" are also listed.)

**For the reasons stated above, we oppose the proposal for the election of directors.**