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November 19th, 2026

To all shareholders, M&A Capital Partners Co., Ltd.
Representative President: Satoru Nakamura
Ticker number：6080, TSE Prime Market
Contact: So Shimoda
TEL: 03-6770-4304

Notice Regarding the Opinion of Our Board of Directors on Shareholder Proposals

The Company has received a written notice from a shareholder indicating the intention to submit a shareholder proposal (hereinafter referred to as the "Proposal") regarding the agenda and items to be discussed at the 21st Annual General Meeting of Shareholders scheduled to be held on December 23, 2026. At the meeting of our Board of Directors held today, it was resolved to oppose the Proposal. Accordingly, we hereby provide notice as follows.

1. Proposing Shareholder

Panah Master Fund

2. Details of the Shareholder Proposal and the Opinion of Our Board of Directors

The content and reasons for the proposal submitted by the proposing shareholder are presented exactly as originally submitted by the shareholder.

(1) Appropriation of Surplus

i. Summary of the Proposal

The appropriation of surplus shall be as follows. This proposal shall be submitted as an additional proposal, independent of any proposal regarding the appropriation of surplus that the Company's Board of Directors may submit at this Annual General Meeting of Shareholders.

A) Type of Dividend Property: Cash

B) Dividend Amount per Share

In addition to the dividend per share proposed by the Company's Board of Directors at this Annual General Meeting of Shareholders and approved at said meeting, ¥916 per share (or ¥989 per share if the Company's Board of Directors does not propose a resolution regarding the appropriation of surplus at this Annual General Meeting of Shareholders).

C) Matters Concerning the Allocation of Dividend Assets and Their Total Amount

The dividend amount per share specified in (B) above for each share of the Company's common stock (the total dividend amount is calculated by multiplying the dividend amount per share by the total number of the Company's outstanding common shares as of June 30, 2026 (excluding treasury stock)).

a. Effective date of the dividend distribution

The date of this Annual General Meeting of Shareholders.

b. Dividend Payment Commencement Date

The date falling three weeks after the business day following the date of this Annual General Meeting of Shareholders.

ii. Reasons for the Proposal

As of June 30, 2026, the Company held ¥49.1 billion in cash, cash equivalents and time deposits. This represented approximately 84% of total assets and approximately 36% of its market capitalisation (as of September 30, 2026).

The return earned on these cash and deposit balances is low and well below the Company's cost of capital. For the twelve months ended June 30, 2026, the Company generated approximately ¥248.7 million in finance income on an average cash balance of ¥45.5 billion, an annual yield of approximately 0.55%.

Furthermore, the Company's core advisory business is asset-light and requires relatively little ongoing investment in fixed assets or working capital. We therefore believe principles of capital efficiency obligate the Company to return a substantial portion of accumulated cash to shareholders, while still retaining sufficient resources for operations.

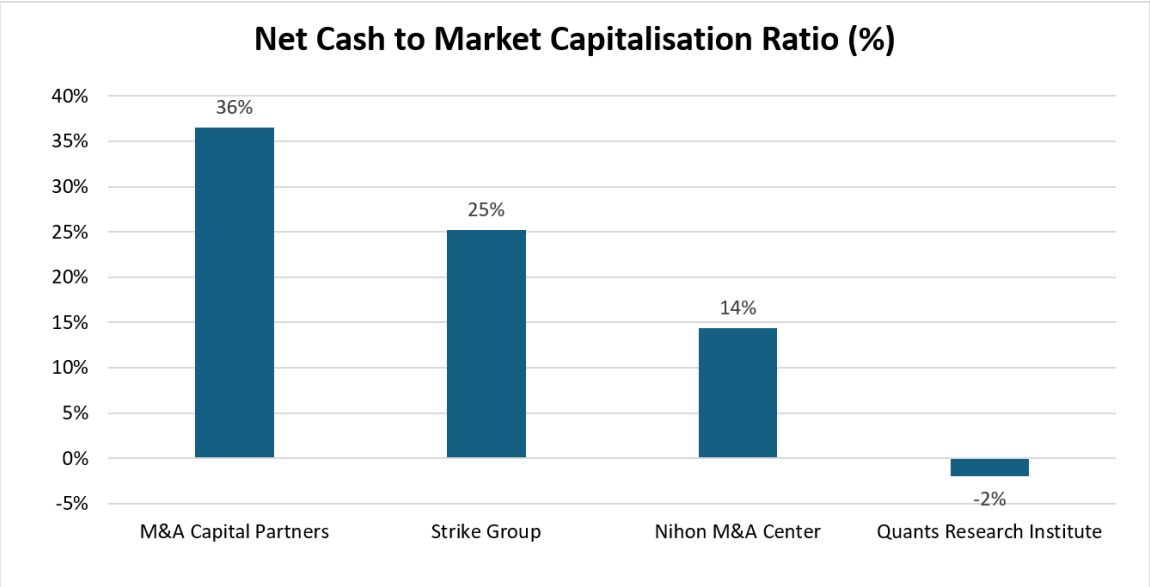
Retaining excess capital without a clear and credible use depresses Return on Equity (RoE) and Return on Invested Capital (RoIC), and also exposes shareholders to the risk of ill-advised future acquisitions. Vague and abstract ambitions for future acquisitions do not, by themselves, justify continued cash accumulation. If a suitable acquisition opportunity does arise, the Company should provide shareholders with sufficient information to assess the proposed acquisition and an opportunity to vote on it. If necessary, the Company could also seek external financing at that time.

This special dividend proposal seeks to return excess cash to shareholders while retaining an appropriate buffer for the Company's foreseeable operating requirements. We propose retaining ¥20 billion, equivalent to approximately three years of the Company's selling, general and administrative expenses, and distributing the remaining ¥29.1 billion as a special dividend.

If approved, the special dividend proposal would reduce the Company's balance of cash and deposits from ¥49.1 billion to ¥20.0 billion. This would also reduce its net cash-to-market capitalisation ratio

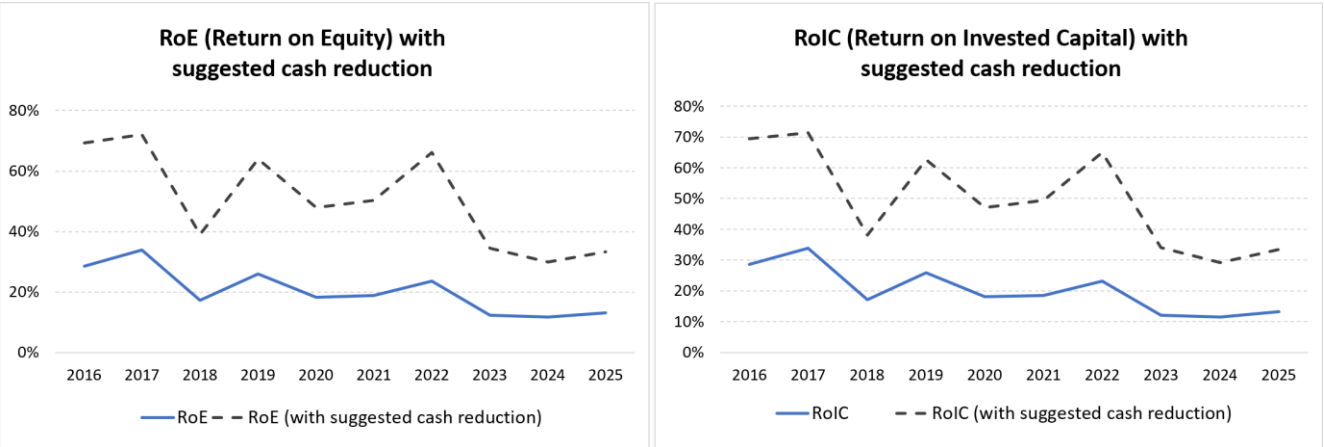
to approximately 15% (based on the Company's market capitalisation as of September 30, 2026), which is broadly in line with the median level among domestic listed peers (see Figure 1). It would also lead to an improvement in the Company's RoE and RoIC (see Figure 2).

Figure 1



Sources: Bloomberg, Seraya Investment. Market data as of Sep 30, 2026. Balance sheet data as of Jun 30, 2026. Net cash is calculated as cash & cash equivalents and time deposits, less short- and long-term borrowings, excluding lease liabilities.

Figure 2



Sources: Bloomberg, Company Filings, Seraya Investment. Financial data based on Japanese GAAP.

iii. Opinion of Our Board of Directors on the Proposal

The Company's Board of Directors opposes this shareholder proposal for the following reasons.

- ✓ As stated by our corporate philosophy, “We aspire to be the world's leading investment bank, seeking maximum contributions to clients and striving for the happiness of all employees.” In pursuit of this, together with organic business growth we have also continuously advocated inorganic business growth through mergers and acquisitions and other growth investments. And while we recognize that the path ahead will by no means be smooth and that we will face a number of challenges, setting lofty goals and having all our officers and employees work together to forge ahead in the achievement of these goals is at the core of the Company’s values. This has enabled the Company to grow and attract top talent.
- ✓ Our cash and deposits serve as essential and critical resources in the consideration and implementation of the merger and acquisition strategies and the partnership strategies (growth investments) that facilitate the realization of our inorganic business growth.
- ✓ For growth investments (mergers and acquisitions), we look for projects that are expected to improve our consolidated earnings per share (EPS) and capital efficiency (ROE), and enhance our corporate value and shareholder value through the acquisition of new functionality, the improvement of brand power, the enhancement of the value of the target companies, and other features.
- ✓ Based on this thinking, as disclosed in our annual securities reports, we have adopted a basic dividend policy under which the Company engages in a fair distribution of profits while comprehensively taking into consideration future business developments and other factors, while being mindful of dividends that return profits to our shareholders, internal reserves that strengthen our financial ability to respond promptly to business opportunities, and incentives for our officers and employees to invigorate management.
- ✓ In addition, based on this basic policy, we disclosed in our financial results briefing materials for fiscal year ending (FYE) September 2026 released on November 10, 2026, that our future shareholder return policy will seek to continuously increase the dividend per share through profit growth while providing for growth investments - setting a target dividend payout ratio of 30%, will implement stable and continuous shareholder returns centered on dividends, and will consider the flexible strengthening of shareholder returns depending on capital efficiency and the status of growth investments.
- ✓ The Company’s dividend per share has steadily increased from JPY 40.00 in FYE September 2024, to JPY 52.10 in FYE September 2025, and JPY 74.18 in FYE September 2026 (a dividend payout ratio of 30%), and the dividend forecast for FYE September 2027 is JPY 89.39 per share.
- ✓ The Company disclosed a policy calling for the allocation of funds sourced from cash and deposits as of the end of September 2026 and the operating cash flow from FYE September

2027 through FYE September 2029 (estimated at approximately JPY 33 billion) to (i) organic growth investments, (ii) funding for mergers and acquisitions and other growth investments or for enhanced shareholder returns, and (iii) cash reserves in preparation for market downturns (targeting 24 months' worth of fixed expenses). Of this amount, approximately JPY 9.5 billion is anticipated to be allocated as dividends over the three-year period (a target dividend payout ratio of 30%).

- ✓ The shareholder proposal at issue seeks a distribution of surplus of JPY 916 per share, for a total distribution of JPY 29,127,590,880 (calculated based on 31,798,680 shares, the total number of issued and outstanding shares (excluding treasury stock) as of September 30, 2026) in addition to the dividend from surplus proposed by the Company's Board of Directors (JPY 74.18 per share, for a total dividend of JPY 2,358,826,082). If the dividend distribution proposed by the shareholder is implemented in addition to the distribution proposed by the Company, the Company's dividend payout ratio would be approximately 400%.
- ✓ The total distribution amount under this shareholder proposal is equivalent to approximately 54% of the sum total of our cash, cash equivalents, and time deposits as of September 30, 2026 (JPY 54,240 million).
- ✓ This shareholder proposal for the allocation of the majority of our internal reserves and cash and deposits on hand to a special one-time distribution will significantly restrict our agility in making growth investments, and is not in line with the Company's policies disclosed and explained to our shareholders and investors to date.
- ✓ The proposing shareholder states that funding could be procured externally as needed should an appropriate acquisition opportunity arise; however, mergers and acquisitions and other growth investments require timely and swift decision making and execution, and we believe that the retention of sufficient cash on hand contributes to agility in considering and carrying out projects and to certainty in negotiations.
- ✓ Furthermore, since our initial public offering, the Company has maintained capital efficiency (ROE) that exceeds the cost of the shareholder equity recognized by the Company (approximately 7% to 8.5%) while also accumulating internal reserves and maintaining financial soundness through high rates of sales growth and profitability. The ratio of profit to equity attributable to owners of parent (ROE) for FYE September 2026 is 17.0%. In the future as well, the Company will continue to be appropriately cognizant of the importance of capital efficiency, and will aim to enhance its ROE through improvements brought on by high growth and high profit margins (by increasing the numerator) and through further improvements achieved through flexible growth investments that utilize our cash and deposits on hand.

(2) Partial Amendment to the Articles of Incorporation (Dividend Policy for Surplus)

i. Summary of the Proposal

The following provision shall be newly added to "Chapter 6: Accounting" of the current Articles of Incorporation.

Article 40 (Dividend Policy for Surplus)

Starting with the year-end dividend for the fiscal year ending September 2027, the Company shall adopt a dividend policy whereby the dividend on surplus for each fiscal year shall be no less than the higher of the amounts specified in the following items, and shall determine the dividend amount in accordance with this policy to the extent permitted by law. (1) The amount obtained by multiplying the consolidated net assets (excluding non-controlling interests and stock acquisition rights) as of the end of the relevant fiscal year by 10%; (2) The amount obtained by multiplying the net income attributable to the parent company's shareholders for the relevant fiscal year by 50%.

ii. Reasons for the Proposal

Since its establishment in October 2005, the Company has generated substantial cash flow. However, the Board of Directors did not pay dividends for many years, and only introduced a dividend policy (30% payout ratio) for the fiscal year ended September 2023. The current 30% target payout ratio remains significantly lower than that of comparable domestic listed peers with similarly long operating histories.

The Company's strong cash flow generation and limited capital reinvestment requirements support a more substantial and predictable dividend policy. A policy linked only to annual earnings, however, does not adequately address the large amount of shareholder capital that has already been retained in the business.

Setting annual dividends at no less than the higher of a specified proportion of shareholders' equity or annual profit would address both considerations. The equity component would establish a minimum distribution linked to accumulated capital, while the earnings component would allow shareholders to participate in stronger profits.

While the proposed special dividend would help address the existing accumulation of excess cash, the proposed regular dividend policy would establish a clearer framework for future distributions and help limit further accumulation of capital without a defined purpose. Incorporating the policy

into the Articles of Incorporation would provide shareholders with greater predictability and a continuing commitment to disciplined capital allocation.

iii. Opinion of Our Board of Directors on the Proposal

The Company's Board of Directors opposes this shareholder proposal for the following reasons.

- ✓ The level of dividends is a matter that should be determined by the Board of Directors (or by approval at a general meeting of shareholders in the case of year-end dividends) following a comprehensive and flexible examination that takes into consideration the market environment, business environment, the Company's performance and financial details, its medium to long-term strategies and plans, the existence and assessment status of growth investment opportunities, the securing of a risk buffer, the amount available for distribution, and other factors. Prescribing a minimum amount based on a formula in the articles of incorporation significantly impairs the flexibility and agility of this decision making.
- ✓ A minimum linked to consolidated net assets may restrict the Company from securing the internal funds required for growth investments and ensuring financial soundness, regardless of business performance, the business environment, or growth investment opportunities.
- ✓ The Company has sought out the opinions of our shareholders and investors at financial results briefings, investor relations meetings with institutional investors, general shareholder meetings, and on other occasions, and after reporting our findings to the Board of Directors, we reached a decision in July 2023 to pay our first dividend since going public, and to modify our dividend policy (raise the dividend payout ratio) in January 2025. As a result thereof, our dividend per share has increased by a multiple of approximately 1.85x, from JPY 40.00 in FYE September 2024 to JPY 74.18 in FYE September 2026, and is forecast to reach JPY 89.39 in FYE September 2027.
- ✓ In addition, as stated in the opinion on the "(1) Appropriation of Surplus Funds" proposal, the Company disclosed that our future shareholder return policy will seek a continuous increase of the dividend per share through profit growth while providing for growth investments - setting a target dividend payout ratio of 30%, and will implement stable and continuous shareholder returns centered on dividends. We believe it is appropriate for the Board of Directors to review our dividend policy on an ongoing basis taking into account the dialogue with our shareholders and investors.

(3) Amendment to the Articles of Incorporation (Persons Authorised to Convene the Board of Directors and the Chairperson)

i. Summary of the Proposal

Amend the current Article 22 of the Articles of Incorporation as follows.

Article 22 (Persons Authorised to Convene the Board of Directors and the Chairperson)

1. Unless otherwise provided by laws and regulations, the Board of Directors shall be convened by a director designated in advance by resolution of the Board, and the Chairperson of the Board of Directors shall preside over the meeting.
2. The Chairperson of the Board of Directors shall be selected from among the independent outside directors (meaning outside directors as defined in Article 2, Item 15 of the Companies Act who have been registered as independent officers pursuant to the rules of the securities exchange on which the Company is listed; the same shall apply hereinafter) by resolution of the Board of Directors.
3. The Representative Director, President, Chief Executive Officer, and any other directors who execute the Company's business may not concurrently serve as the Chairperson of the Board of Directors.
4. In the event of a vacancy or incapacity of the Chairperson of the Board of Directors, another independent outside director shall assume the role of Chairperson in accordance with the order predetermined by the Board of Directors.

Supplementary Provisions

The provisions of this Article shall apply as of the first Board of Directors meeting held after the conclusion of this Annual General Meeting of Shareholders.

ii. Reasons for the Proposal

The Company's President and Representative Director also chairs the Board of Directors. Furthermore, a majority of the Company's shares are held by insiders, including the President and Representative Director, who owns approximately 42% of the shares. This concentration of executive authority and ownership makes effective independent oversight particularly important.

The International Corporate Governance Network (ICGN), in its May 2026 submission to Japan's Financial Services Agency (FSA) and the Tokyo Stock Exchange (TSE), recommends appointing an independent board chair as a matter of best practice. The FSA and TSE's explanation accompanying the July 2026 revision of Japan's Corporate Governance Code also recognises that an independent chair can enhance board effectiveness.

An independent outside chair would help ensure that management's proposals receive thorough scrutiny and that directors can discuss strategy, potential acquisitions, capital allocation and succession openly. The chair should also ensure that directors receive sufficient information and time to assess significant decisions, that differing views are properly considered, and that any unresolved questions receive appropriate follow-up.

Separating responsibility for running the business from responsibility for leading the Board's oversight of management would strengthen accountability. Executive directors would continue to contribute

their significant knowledge and operating experience, while an independent chair would support balanced discussion and decisions in the interests of the Company and its shareholders as a whole, including minority shareholders.

iii. Opinion of Our Board of Directors on the Proposal

The Company's Board of Directors opposes this shareholder proposal for the following reasons.

✓ **The Company believes that the Board of Directors functions appropriately under the system set out in Article 22 of the current Articles of Incorporation which establishes the President and Director as the Chairperson of the Board of Directors, and believes that the amendment of the Articles of Incorporation under this proposal is not necessary. The reasons for these beliefs are as set forth in the following items (a) through (c).**

(a) Having the President and Director serve as the Chairperson of the Board of Directors is entirely reasonable under the model of the Board of Directors aspired to by the Company.

Pursuant to Article 22 of the Articles of Incorporation, the Company has established that meetings of the Board of Directors are to be convened by the President and Director, who serves as the chairperson. We believe that the President and Director, who is most familiar with the execution of the Company's business and operations, is well-suited to serve as the Chairperson of the Board of Directors, as someone in a position to take the lead in the reporting and deliberation of the status of business operations.

The Ministry of Economy, Trade and Industry's Practical Guidelines for Corporate Governance Systems (CGS Guidelines; pp. 12-14 and 16), after noting that each company should consider a corporate governance structure appropriate for its business domain, company size, degree of globalization, the number of years since its founding, shareholder composition, and other specific circumstances, broadly divide the typical board structure into two types: (A) a model where the Board of Directors aspires to specialize in oversight; and (B) a model that aspires to strengthen the oversight function both inside and outside the Board of Directors while placing emphasis on the Board of Directors' decision-making function. Under model (B), (i) ordinarily executive directors who are familiar with the company's business play a central role, and it is also acceptable for an internal executive director to serve as the Chairperson of the Board of Directors, from the perspective of taking the lead in business execution decisions; while (ii) at the same time, it may be desirable to appoint a certain number of outside directors to check to see that individual business execution decisions are not caught up in internal company logic. In addition, these guidelines state that based on the original intent of the system, companies aspiring to adopt model (B) are expected

to opt to be a Company with Company Auditors. The Company aspires to adopt model (B) as a Company with Board of Company Auditors.

Undeniably, there are those who believe that the effectiveness of the Board of Directors may be heightened by an independent chairperson. However, we believe that the question of who is appropriate to serve as the chairperson is a matter that should be examined based on the role and function of the Board of Directors and the state of actual operations at each and every company, and that it is inappropriate to categorically rule out an executive director's service as a chairperson. As stated above, we believe it is entirely reasonable for an executive director to serve as a chairperson in the model aspired to by our Company which seeks to strengthen the oversight function both inside and outside the Board of Directors while placing emphasis on the Board of Directors' decision-making function.

(b) Even under the current system, the oversight function by outside directors that is necessary in the Board of Directors model aspired to by the Company is ensured.

The Company regularly performs Board of Directors evaluation surveys targeting directors and auditors (the most recent three surveys were conducted in July 2024, October 2025 and July 2026), and in each survey, the moderation of meetings by the Chairperson of the Board of Directors was assessed to be "appropriate" or "somewhat appropriate" by all respondents. In addition, in response to questions on the existence of an atmosphere where internal and outside directors and auditors are able to speak freely, no one responded that it was "somewhat difficult to speak freely" or "completely impossible to speak freely." Going forward, we will strive to share agenda materials at early stages and make other efforts to improve the operation of the Board of Directors, while respecting the results of the Board of Directors evaluation surveys.

Outside directors attended all 19 of the Board of Directors meetings convened in FYE September 2026, where they offered appropriate questions and opinions from perspectives based on their experiences and track records, and provided advice and recommendations to ensure the validity and appropriateness of the Board of Directors' decision making. In addition, outside directors asked questions regarding such matters as the external environment, market risks, investor relations, competitive advantages, new markets and business opportunities, performance forecasts, and the assumptions used in management and organizational designs, made proposals regarding public relations initiatives, and offered other opinions, to which the President and Representative Director and other executive directors responded.

(c) The blanket restriction under the Proposal is inconsistent with the model of the Board of Directors aspired to by the Company.

This Proposal limits eligibility for Chairperson of the Board of Directors to independent outside directors, and uniformly prohibits Representative Directors, Presidents, Chief Executive Officers and other executive directors from concurrently serving as Chairperson. However, as stated above in section (a), it is entirely reasonable for an executive director to serve as a chairperson in the model aspired to by our Company, and this Proposal is inconsistent with this model.

(4) Amendment to the Articles of Incorporation (Deletion of the Provision Excluding Cumulative Voting)

i.Summary of the Proposal

Article 19, Paragraph 3 of the current Articles of Incorporation shall be deleted.

ii.Reasons for the Proposal

The Company's concentrated ownership gives management considerable influence over director elections. Under the current voting arrangements, shareholders holding a majority of the votes cast can determine the outcome of each election, which limits the ability of minority shareholders to secure the election of new director candidates with complementary skills and independent perspectives.

Deleting the provision excluding cumulative voting would restore shareholders' ability to request cumulative voting when two or more directors are elected, subject to the statutory requirements. This would allow shareholders to concentrate their votes on a preferred director candidate, improving the prospect of electing candidates supported by minority shareholders.

The G20/OECD Principles of Corporate Governance identify cumulative voting as one effective mechanism for protecting minority shareholders. This proposal is also consistent with the objectives of General Principle 1 of Japan's Corporate Governance Code concerning the effective exercise of shareholder rights and adequate consideration of minority shareholders.

Cumulative voting would give minority shareholders a more meaningful opportunity to influence the composition of the Board of Directors and could help broaden the skills, experience and perspectives represented. This would support constructive challenge of management and more effective oversight.

iii. Opinion of Our Board of Directors on the Proposal

The Company's Board of Directors opposes this shareholder proposal for the following reasons.

- ✓ Under Article 20 of the Articles of Incorporation, the term of office for a director of the Company extends up through the conclusion of the annual general meeting of shareholders for the last business year ending within one year after their election. Each year shareholders cast votes at the general meeting of shareholders to elect directors. In a proposal for the election of directors, shareholders are able to indicate their approval or disapproval of each candidate using a voting form, and the results of the resolution are disclosed for each and every candidate.
- ✓ We believe that this current method for electing directors contributes to the election of directors who represent the common interests of all shareholders, and the directors elected under this current system execute their duties with a sense of responsibility toward all shareholders, without any special interests or loyalties to a particular support base.
- ✓ Conversely, if cumulative voting were to be permitted, there is a risk that directors elected with the support of a specific group of shareholders may prioritize the interests of that group over the interests of all shareholders, and this may result in conflicts of interest among shareholders being brought to the Board of Directors, making it difficult to engage in rapid decision making and business execution.
- ✓ Article 342, Paragraph 1 of the Companies Act prescribes that, unless otherwise provided in the Articles of Incorporation, shareholders are entitled to request the election of directors through cumulative voting in those instances where the purpose of a general shareholders meeting is the election of two or more directors. Pursuant to the provisions of that same paragraph, the Company has established a provision stating that cumulative voting will not be used for resolutions for the election of directors under Article 19, Paragraph 3 of its Articles of Incorporation.

(5) Amendment to the Articles of Incorporation (Maximum Cumulative Tenure of Office for Outside Directors)

i.Summary of the Proposal

Add the following provision to the current Article 20 of the Articles of Incorporation.

Article 20 (Term of Office)

1. Remains unchanged

2. Any person whose cumulative term of service as an outside director of the Company exceeds nine years, or any person whose cumulative term of service would exceed nine years at the end of their term if a resolution to appoint them as a director were passed in accordance with the

preceding Article, shall not be eligible to be nominated as a candidate for outside director of the Company.

ii.Reasons for the Proposal

One of the Company's outside directors, Tamio Nishizawa, has served as an outside director since November 2006. Long service brings valuable knowledge of the business, but it can also create familiarity with management and established practices that makes it difficult for the outside director to challenge management decisions.

The Singapore Exchange (SGX) Listing Rules apply a nine-year aggregate-service threshold for director independence, while the UK Corporate Governance Code identifies service beyond nine years as a potential concern for independence. These international benchmarks reinforce the importance of regular board renewal and inform our proposal for a cumulative limit on service as an outside director.

A nine-year limit on cumulative service would still allow outside directors to gain a sufficient understanding of the business and contribute their experience, while requiring regular renewal of the Board of Directors. We believe this provides an appropriate balance between continuity, independent judgement and the introduction of fresh perspectives.

A cumulative tenure limit would also support advance succession planning and periodic reassessment of the skills needed on the Board of Directors. This would create opportunities to recruit directors with skills relevant to the Company's future needs, including capital allocation, M&A and management oversight.

The proposed limit would count all periods of service as an outside director, so that a break between appointments would not restart the nine-year period.

iii. Opinion of Our Board of Directors on the Proposal

The Company's Board of Directors opposes this shareholder proposal for the following reasons.

- ✓ The term of office for a director of the Company is set as one year under Article 20 of the Articles of Incorporation, and each year, shareholders are ensured an opportunity to vote on the election of each and every director.

- ✓ Interpretive Guidance for Principle 4-9 of the Corporate Governance Code (Revised July 21, 2026) states that ensuring the "quality" of independent outside directors is a prerequisite for the board of directors to properly fulfill its roles and responsibilities, and in line with this, the Company believes that it is important to appoint outside directors who have the insights, capabilities, and other qualities required to contribute to the Company's sustainable growth and the enhancement of its corporate value over the medium to long term.
- ✓ Our belief is that a certain period of continuous service is significant in deepening the understanding of outside directors regarding the Company's businesses, operating environment, organization, and the operations of the Board of Directors, and facilitating their ability to provide effective oversight and advice.
- ✓ In the event this Proposal, which establishes a uniform maximum cumulative term of office without providing transitional measures, is approved, outside directors who possess the necessary expertise and experience and who have demonstrated an oversight function from an independent standpoint will no longer be brought up for nomination as candidates. This may result in the compromise of the Board of Directors' continuity and expertise, and may even reduce the Board of Directors' effectiveness.
- ✓ An outside director's independence should be determined by comprehensively taking into account one's relationship with the company, expertise, experience, job performance, and other factors, rather than making a blanket determination based solely on the length of their term of service.
- ✓ Principle 4-11 of the Corporate Governance Code (Revised July 21, 2026) stipulates that a board of directors should establish criteria for determining independence that emphasize substantive factors while taking into account the independence criteria of financial instruments exchanges, and does not provide for a uniform maximum term of office for outside directors. The Tokyo Stock Exchange's independence criteria (Guidelines Concerning Listing Management, etc.) also contain no provision establishing the length of one's term of service as a requirement for independence.
- ✓ It is our belief that making decisions each year at the general meeting of shareholders based on a combination of the shareholders' assessment and the Board of Directors' review of one's qualifications, independence, and expertise as an outside director is the best approach for contributing to the selection of outside directors that are most suitable for the Company.

(6) Amendment to the Articles of Incorporation (Establishing a Majority of Independent Outside Directors)

i. Summary of the Proposal

Amend the current Article 18 (Number of Directors) of the Articles of Incorporation as follows.

Article 18 (Number of Directors)

1. Remains unchanged

2. A majority of the directors shall be independent outside directors.

ii.Reasons for the Proposal

Currently, only two of the Company's six directors are independent outside directors. Therefore, inside directors hold a majority of seats on the Board of Directors. This composition limits the collective influence of independent directors, including when assessing management's strategy, performance and use of shareholder capital.

ICGN's May 2026 submission to the FSA and TSE recommends boards with a majority of independent directors as the baseline for most companies. Principle 4.10 of Japan's revised Corporate Governance Code recommends majority independence at Prime Market companies with controlling shareholders, while its interpretive guidance also addresses companies with a shareholder exercising substantial control.

Requiring a majority of independent outside directors would allow independent, outside views to play an important role in the Board's deliberations and decision-making. This is particularly important given the concentration of ownership among inside directors and the need to consider the interests of all shareholders, including minority shareholders.

For the Company, a key responsibility of the Board of Directors is to assess whether retained capital can be reinvested at an attractive rate of return or should be returned to shareholders. A majority of independent outside directors would strengthen scrutiny of those choices, alongside oversight of acquisitions, executive remuneration and succession.

New appointments to the Board of Directors should bring relevant experience and a willingness to question management constructively. This would strengthen the Board's ability to set the Company's strategic direction and hold management accountable for its decisions.

iii. Opinion of Our Board of Directors on the Proposal

The Company's Board of Directors opposes this shareholder proposal for the following reasons.

- ✓ Two of the six Directors on the Company's Board of Directors are independent outside directors, both of whom have management experience at operating companies. In addition, all three Auditors are outside auditors (one with experience in auditing at an operating company, an attorney, and a certified public accountant), and the Company has filed notification of all of them as independent officers. All Directors and Auditors attend meetings of the Board of Directors, and under its current configuration, independent and objective perspectives are appropriately reflected in the Board of Directors' deliberations and decision making.
- ✓ The composition of the Company's Board of Directors integrates executive directors who, as set out in the skills matrix for directors and auditors disclosed in the notice of convening of a general meeting of shareholders, are well versed in the Company's operations and share interests with our shareholders through their holding of the Company's shares, and outside directors who possess diverse expertise and external perspectives aligned with the skills matrix, and together they strive to wield both oversight and executive functions. The Company continuously evaluates the effectiveness of the Board of Directors through surveys targeting directors and auditors.
- ✓ Meeting a numerical requirement for independent outside directors does not in itself lead to improved effectiveness of the Board of Directors; rather, we believe that securing personnel who possess the independence, skills, and diversity to appropriately demonstrate management and oversight functions is important in the enhancement of our corporate value. The optimal composition of the Board of Directors is a matter that should be flexibly considered by the Board of Directors, and submitted at a general meeting of shareholders, in response to the prevailing business environment and corporate strategy at any given time.
- ✓ There is a risk that the pool of potential candidates will be limited, and the formation of a board of directors best suited for the prevailing business environment and corporate strategy will be impeded if a majority requirement is stipulated in the Articles of Incorporation. In addition, as addressed in section (3) above, the Company pursues the model, as set out in the Ministry of Economy, Trade and Industry's Practical Guidelines for Corporate Governance Systems (CGS Guidelines), that aspires to strengthen the oversight functions both inside and outside the Board of Directors while emphasizing the Board of Directors' decision making function. Under this model, ordinarily executive directors who are familiar with internal operations form the core of the board of directors, and it is considered desirable that a certain number of outside directors are appointed to check to see that individual business execution decisions are not caught up in internal company logic. It is our belief that a requirement calling for a majority of outside directors is inconsistent with the model aspired to by the Company.

- ✓ Principle 4-10 of the revised Corporate Governance Code requires companies listed on the Prime Market to appoint independent outside directors to at least one-third of the board, and the Company has satisfied this requirement by appointing independent outside directors to two of the six directorships.
- ✓ Furthermore, the Company does not have a controlling shareholder as prescribed by the Tokyo Stock Exchange.
- ✓ In addition, the Interpretive Guidance for the Corporate Governance Code is not subject to comply-or-explain; rather, as long as companies act in accordance with the intent and spirit of the respective principles, the specific implementation methods are left to the discretion of individual companies. The Company is in compliance with Principle 4-10, and operates its Board of Directors in a manner that takes into account the interests of minority shareholders, as set out below.
- ✓ Given that the Company's President and Representative Director is a major shareholder who holds in excess of 40% of the Company's shares, the Company does not engage in transactions with the President and Representative Director. If such transactions were to be considered in the future, the Company would ensure that the interests of minority shareholders are not harmed by making a decision after the Board of Directors has thoroughly deliberated the reasons for and necessity of the transactions, the appropriateness of the terms of the transactions and of the method for determining such terms, and other factors. Also, in addition to the two outside directors, three auditors, all of whom are outside auditors (and all of whom are independent officers), attend the meetings of the Board of Directors where they offer their opinions as needed.

End of Document