Notice of the 82nd Ordinary General Meeting of Shareholders

STELLA CHEMIFA CORPORATION

Stock Exchange Code: 4109

Date and Time	**Friday, June 27, 2025 at 10:00 a.m.** (Reception starts at 9:00 a.m.)
Place	**Banquet Hall "Tsuru," 5th floor, the HOTEL NIKKO OSAKA** 1-3-3 Nishi-Shinsaibashi, Chuo-ku, Osaka City, Osaka

Table of Contents

To shareholders

I would like to express our gratitude to shareholders for continued support.

In the fiscal year ended March 31, 2025, performance improved in many industries in Japan, and there were signs of a gradual recovery in the Japanese economy. In the global semiconductor market, demand for memory and logic semiconductors expanded due to favorable AI-related investment, and the Group's performance turned around from the previous fiscal year in the High-purity Chemical Business and Logistics Business. On the other hand, as automotive applications stagnated, and industrial applications were sluggish, the recovery of the market was limited. Nevertheless, the market is expected to rise eventually.

The political landscape has changed in one developed country after another. In particular, the change of the President of the United States is having a significant impact on the world economy and situation. Despite this environment, the Group will steadily advance the measures set forth in the Fourth Medium-Term Management Plan and strive to improve corporate value.

We ask for shareholders' continued support and encouragement to the Group.

Aki Hashimoto
Representative Director,
President and Chief Executive Officer

Management Philosophy

1. **A Sound and Reliable Company**
   With the utmost consideration to the health and safety of our employees, we will build a company that is sound and continues to be reliable.
2. **Pursuit of Technology**
   We will maintain our attitude of pursuing technological innovation.
3. **Wisdom and Creativity**
   With an expansive vision, we will be creative and innovative with wisdom and strive to create new value.
4. **Spirit of Challenge**
   All our employees will unite as one as they strive to achieve our goals with a strong sense of purpose.

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. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

(Stock Exchange Code: 4109)
June 5, 2025

To Shareholders with Voting Rights:

Aki Hashimoto
Representative Director,
President and Chief Executive Officer
STELLA CHEMIFA CORPORATION
4-1-1 Fushimi-machi, Chuo-ku, Osaka City,
Osaka, Japan

Notice of the 82nd Ordinary General Meeting of Shareholders

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

We hereby notify you that the 82nd Ordinary General Meeting of Shareholders of STELLA CHEMIFA CORPORATION (the “Company”) will be held as described below.

In lieu of attending the meeting in person, you can exercise your voting rights in writing or via the Internet, etc. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by following the guidance below by 5:40 p.m. on Thursday, June 26, 2025, Japan time.

1. **Date and Time:** Friday, June 27, 2025 at 10:00 a.m.
(Reception starts at 9:00 a.m.)

2. **Place:** Banquet Hall “Tsuru,” 5th floor, the HOTEL NIKKO OSAKA
1-3-3 Nishi-Shinsaibashi, Chuo-ku, Osaka City, Osaka

3. **Meeting Agenda:**

Matters to be reported:
1. The Business Report, Consolidated Financial Statements for the Company’s 82nd Fiscal Year (April 1, 2024 - March 31, 2025) and results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements
2. Non-consolidated Financial Statements for the Company’s 82nd Fiscal Year (April 1, 2024 - March 31, 2025)

Proposals to be resolved:

< Company Proposals (Proposals 1 through to 3) >

Proposal 1: Election of Seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members)

Proposal 2: Election of One (1) Director who is an Audit and Supervisory Committee Member

Proposal 3: Partial Revision of the Share-based Compensation Plan for Directors, etc.

<Shareholder Proposals (Proposals 4 through to 7)>

Proposal 4: Amendment to the Articles of Incorporation regarding the decision-making organization for the distribution of surplus

Proposal 5: Acquisition of treasury stock

Proposal 6: Amendment to the Articles of Incorporation regarding the number of Outside Directors

Proposal 7: Approval of compensation amounts for the restricted stock compensation plan

The outline of the Shareholder Proposals (Proposals 4 through to 7) is as described below or in the "Reference Documents for the General Meeting of Shareholders" listed in the Matters Subject to Measures For Electronic Provision.

Reference Documents for the General Meeting of Shareholders

< Company Proposals (Proposals 1 through to 3) >

Proposal 1: Election of Seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members)

The terms of office of all seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members) will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes to elect seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members).

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

No.	Name		Current positions, responsibilities at the Company, and significant concurrent positions	Attendance at the Board of Directors meetings
1	Reappointment	Aki Hashimoto	・ Representative Director, President and Chief Executive Officer	13/13
2	Reappointment	Kiyonori Saka	・ Representative Director, Senior Managing Director, and Products Management Group ・ Representative Director, President and Chief Executive Officer, Blue Express, Inc.	13/13
3	Reappointment	Jun Takano	・ Managing Director, and Research and Development	13/13
4	Reappointment	Norio Ogata	・ Director, Executive Officer, and Head of Sales Management Department and General Manager of Osaka Sales Department	13/13
5	Reappointment	Masaaki Tsuchiya	・ Director, Executive Officer, and Factory Manager of Sanpo Factory	13/13
6	Reappointment	Yasuhiko Nakashima	・ Director, Executive Officer, and General Manager of Accounting Department	13/13
7	Reappointment	Takeshi Iijima	・ Director, Executive Officer, and Singapore Region ・ Managing Director, STELLA CHEMIFA SINGAPORE PTE LTD	13/13

(Notes) 1. There is no special interest between the candidates and the Company.

2. Opinions from the Audit and Supervisory Committee regarding the election of Directors are as summarized below.
The Audit and Supervisory Committee discussed the election of Directors (excluding Directors who are Audit and Supervisory Committee Members) after exchanging opinions regarding the status of execution of duties with the Representative Directors and each Director. As a result, considering that each candidate has in-depth expertise and abundant experience, is eligible as a Director, and is contributing to enhancing the Company's corporate value, the conclusion was reached that it is appropriate to elect the candidates proposed in this proposal as Directors.

3. The Company has entered into a directors and officers liability insurance contract as provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The contract will cover damages such as damages under the law and legal expenses to be borne by the insured under this insurance contract. If the election of each candidate is approved, each of them will be covered under the insurance contract. The Company intends to renew the contract with the same terms and conditions at the next renewal.

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Past experience, positions, responsibilities at the Company</th><th>[Reappointment]</th></tr>
<tr><td rowspan="2">1</td><td>Aki Hashimoto
(December 4, 1973)</td><td>March 2012
June 2013

June 2014

January 2015</td><td>Joined the Company
Director, Executive Officer, and General Manager of President's Office
Representative Director and Executive Vice President
Representative Director, President and Chief Executive Officer (current position)</td><td>Number of shares of the Company held:
521,867

Number of shares to be granted based on the trust-type share-based compensation plan: 6,940

Years of service as Director:
12

Attendance at the Board of Directors meetings:
13/13 (100%)</td></tr>
<tr><td colspan="4">[Reason for nomination as candidate for Director]
Since her appointment as Representative Director, President and Chief Executive Officer in 2015, Ms. Aki Hashimoto has demonstrated superior management capabilities even in a rapidly-changing business environment, and has led the growth of the Group. In addition, her presence as a member of the founding family is both a spiritual pillar and a unifying force of the Company, and she contributed significantly to the fostering of the Group's corporate atmosphere and culture. Based on her achievements, the Company nominated her as a candidate for Director because she is expected to continue to contribute to the sustainable improvement of corporate value of the Group and to strengthen the decision-making and supervisory functions of the Board of Directors.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Past experience, positions, responsibilities at the Company</th><th>[Reappointment]</th></tr>
<tr><td rowspan="2">2</td><td>Kiyonori Saka
(March 30, 1959)</td><td>April 1982 Joined the Company
June 2003 Director and Factory Manager of Izumi Factory and Sanpo Factory
November 2004 Retired as Director
July 2009 Managing Executive Officer (General Manager of Production Headquarters)
June 2010 Director and Managing Executive Officer (Products Management Group)
October 2013 Director and Senior Managing Executive Officer (Products Management Group)
June 2019 Representative Director and Senior Managing Executive Officer (Products Management Group)
June 2021 Representative Director and Senior Managing Director (Products Management Group) (current position)
[Significant concurrent positions]
April 2008 Representative Director, President and Chief Executive Officer, Blue Express, Inc.</td><td>Number of shares of the Company held:
18,000

Number of shares to be granted based on the trust-type share-based compensation plan: 5,752

Years of service as Director:
15

Attendance at the Board of Directors meetings:
13/13 (100%)</td></tr>
<tr><td colspan="3">[Reason for nomination as candidate for Director]
Since joining the Company, Mr. Kiyonori Saka has served in positions such as Factory Manager and General Manager of Production Headquarters. At present, he oversees the entire production division as Head of Products Management Group, and has demonstrated excellent leadership in positions such as Representative Director since June 2019. In addition, he concurrently serves as a representative of our subsidiary engaged in the logistics business, and together with the Representative Director, President and Chief Executive Officer, he supervises the overall management of the Group, contributing significantly to the development of the Group. Based on his achievements, the Company nominated him as a candidate for Director because he is expected to continue to contribute to the sustainable improvement of corporate value of the Group and to strengthen the decision-making and supervisory functions of the Board of Directors.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Past experience, positions, responsibilities at the Company</th><th>[Reappointment]</th></tr>
<tr><td rowspan="12">3</td><td rowspan="11">Jun Takano
(June 28, 1961)</td><td>April 1985</td><td>Joined the Company</td><td rowspan="11">Number of shares of the Company held:
25,500

Number of shares to be granted based on the trust-type share-based compensation plan: 3,481

Years of service as Director:
15

Attendance at the Board of Directors meetings:
13/13 (100%)</td></tr>
<tr><td>June 2003</td><td>Director and Executive Vice President</td></tr>
<tr><td>June 2004</td><td>Director, President and Chief Executive Officer</td></tr>
<tr><td>November 2005</td><td>Director (Engineer)</td></tr>
<tr><td>January 2006</td><td>Director (Engineer and General Manager of Quality Management Department)</td></tr>
<tr><td>March 2007</td><td>Retired as Director</td></tr>
<tr><td>June 2010</td><td>Director, Executive Officer, and General Manager of General Affairs Department</td></tr>
<tr><td>January 2013</td><td>Director, Executive Officer, and General Manager of Research and Development Department</td></tr>
<tr><td>June 2018</td><td>Director, Managing Executive Officer, and General Manager of Research and Development Department</td></tr>
<tr><td>June 2019</td><td>Director and Managing Executive Officer (Research and Development)</td></tr>
<tr><td>June 2021</td><td>Managing Director (Research and Development) (current position)</td></tr>
<tr><td colspan="4">[Reason for nomination as candidate for Director]
Mr. Jun Takano has held key positions in various divisions of the Company and at a subsidiary in Singapore over many years, and has the experience and knowledge to perform accurate, fair, and efficient management of the Group. Currently, he is leading initiatives to develop new products and create new businesses as Managing Director in charge of Research and Development. Based on his achievements, the Company nominated him as a candidate for Director because he is expected to continue to contribute to the sustainable improvement of corporate value of the Group and to strengthen the decision-making and supervisory functions of the Board of Directors.</td></tr>
</table>

No.	Name (Date of birth)	Past experience, positions, responsibilities at the Company		[Reappointment]
4	Norio Ogata (August 28, 1968)	October 1992	Joined the Company	Number of shares of the Company held: 6,000 Number of shares to be granted based on the trust-type share-based compensation plan: 2,819 Years of service as Director: 11 Attendance at the Board of Directors meetings: 13/13 (100%)
		May 2008	General Manager of Tokyo Sales Department	
		October 2013	Executive Officer and General Manager of Tokyo Sales Department	
		June 2014	Director, Executive Officer, and General Manager of Tokyo Sales Department	
		May 2015	Director and Executive Officer (Head of Sales Management Department and General Manager of Tokyo Sales Department)	
		September 2018	Director, Executive Officer, and General Manager of General Affairs Department	
		April 2022	Director and Executive Officer (Head of Sales Management Department and General Manager of Osaka Sales Department) (current position)	
	[Reason for nomination as candidate for Director] Mr. Norio Ogata has long led efforts to build relationships with customers and expand businesses through an abundance of sales experience inside and outside Japan. In addition, he has served in important positions in the administrative division, and has experience in contributing to the strengthening of the management base. At present, he is making efforts to strengthen the sales expansion system by anticipating the market and to develop and promote the sales strategy as Head of the Sales Management Department, utilizing his broad knowledge. Based on his achievements, the Company nominated him as a candidate for Director because he is expected to continue to contribute to the sustainable improvement of corporate value of the Group and to strengthen the decision-making and supervisory functions of the Board of Directors.			

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Past experience, positions, responsibilities at the Company</th><th>[Reappointment]</th></tr>
<tr><td rowspan="2">5</td><td>Masaaki Tsuchiya
(March 10, 1971)</td><td>April 1989
June 2010
November 2012

June 2016</td><td>Joined the Company
Factory Manager of Sanpo Factory
Executive Officer and Factory Manager of Sanpo Factory
Director, Executive Officer, and Factory Manager of Sanpo Factory (current position)</td><td>Number of shares of the Company held:
1,000

Number of shares to be granted based on the trust-type share-based compensation plan: 2,819

Years of service as Director:
9

Attendance at the Board of Directors meetings:
13/13 (100%)</td></tr>
<tr><td colspan="4">[Reason for nomination as candidate for Director]
Mr. Masaaki Tsuchiya has many years of experience in the production division, and currently, as Factory Manager of the Sanpo Factory of the Company, he demonstrates strong leadership in areas such as the stable operation of factories and the improvement of production technology. He has contributed significantly to the growth of the mainstay semiconductor liquid crystal field by leveraging his extensive knowledge and experience as an officer at an overseas Group company. Based on his achievements, the Company nominated him as a candidate for Director because he is expected to continue to contribute to the sustainable improvement of corporate value of the Group and to strengthen the decision-making and supervisory functions of the Board of Directors.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Past experience, positions, responsibilities at the Company</th><th>[Reappointment]</th></tr>
<tr><td rowspan="2">6</td><td>Yasuhiko Nakashima
(November 4, 1959)</td><td>April 1983

May 2003

January 2008

August 2016

March 2017
April 2017

June 2017</td><td>Joined The Daiwa Bank, Ltd. (current Resona Bank, Limited.)
General Manager of Fukai Branch, Resona Bank, Limited.
General Manager of Sales Division I, Osaka Public Institutions Business Department, Resona Bank, Limited.
Seconded to the Company
General Manager of Accounting Department
Retired from Resona Bank, Limited.
Joined the Company
General Manager of Accounting Department
Director, Executive Officer, and General Manager of Accounting Department (current position)</td><td>Number of shares of the Company held:
500

Number of shares to be granted based on the trust-type share-based compensation plan: 2,474

Years of service as Director:
8

Attendance at the Board of Directors meetings:
13/13 (100%)</td></tr>
<tr><td colspan="4">[Reason for nomination as candidate for Director]
Mr. Yasuhiko Nakashima has abundant experience and insight in finance and accounting cultivated through many years of work experience at major financial institutions. Since his taking office as Director of the Company in 2017, as General Manager of the Accounting Department, he has been responsible for formulating and executing financial strategies and engaging in constructive dialogue with shareholders and investors. Based on his knowledge, he has supported important decision-making in the business execution of the Company from a financial perspective. Based on his achievements, the Company nominated him as a candidate for Director because he is expected to continue to contribute to the sustainable improvement of corporate value of the Group and to strengthen the decision-making and supervisory functions of the Board of Directors.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Past experience, positions, responsibilities at the Company</th><th>[Reappointment]</th></tr>
<tr><td rowspan="2">7</td><td>Takeshi Iijima
(October 16, 1966)</td><td>March 1991
May 2008

June 2009

June 2015
June 2017

September 2018

June 2019

April 2022

[Significant concurrent positions]
June 2022</td><td>Joined the Company
General Manager of Osaka Sales Department and International Sales Department
General Manager of International Sales Department
General Manager of Osaka Sales Department
Executive Officer and General Manager of Osaka Sales Department
Executive Officer, Head of Sales Management Department, and General Manager of Osaka Sales Department
Director and Executive Officer
(Head of Sales Management Department and General Manager of Osaka Sales Department)
Director and Executive Officer (Singapore Region) (current position)

Managing Director, STELLA CHEMIFA SINGAPORE PTE LTD</td><td>Number of shares of the Company held:
4,100

Number of shares to be granted based on the trust-type share-based compensation plan: 1,954

Years of service as Director:
6

Attendance at the Board of Directors meetings:
13/13 (100%)</td></tr>
<tr><td colspan="4">[Reason for nomination as candidate for Director]
Mr. Takeshi Iijima has been involved in overseas sales for many years since joining the Company, and has made efforts to expand global business and strengthen competitiveness. Since June 2022, he has been stationed at a subsidiary in Singapore, where he has contributed to the deepening of global group management and the realization of synergies from his position as Managing Director. Based on his achievements, the Company nominated him as a candidate for Director because he is expected to continue to contribute to the sustainable improvement of corporate value of the Group and to strengthen the decision-making and supervisory functions of the Board of Directors.</td></tr>
</table>

Proposal 2: Election of One (1) Director who is an Audit and Supervisory Committee Member

The term of office of one (1) of the six (6) Directors who are Audit and Supervisory Committee Members will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes to elect one (1) Director who is an Audit and Supervisory Committee Member.

The Audit and Supervisory Committee has consented to the proposal.

The candidate for Director who is an Audit and Supervisory Committee Member is as follows:

Name		Current positions, responsibilities at the Company, and significant concurrent positions	Attendance at the Board of Directors meetings	Attendance at the Audit and Supervisory Committee meetings
Reappointment Outside Independent	Jun Yamamoto	・ Outside Director (Audit and Supervisory Committee Member) ・ Partner, Dojima Law Office L.P.C. ・ Outside Auditor, REVO International Inc. ・ Outside Director (Audit and Supervisory Committee Member), Honyaku Center Inc.	13/13	13/13

(Notes) 1. There is no special interest between Mr. Jun Yamamoto and the Company.

2. Mr. Jun Yamamoto is a candidate for Outside Director. Mr. Jun Yamamoto will have served as Outside Director (Audit and Supervisory Committee Member) of the Company for four (4) years at the conclusion of this General Meeting of Shareholders.
3. Pursuant to the provision of Article 427, Paragraph 1 of the Companies Act, the Company has entered into a liability limitation agreement with Mr. Jun Yamamoto which limits his liability for damages under Article 423, Paragraph 1 of the same Act. The maximum amount of liability under the said agreement is the minimum amount provided for in the relevant laws and regulations. If he is reappointed, the Company plans to continue the said liability limitation agreement.
4. The Company has entered into a directors and officers liability insurance contract as provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The contract will cover damages such as damages under the law and legal expenses to be borne by the insured under this insurance contract. If the election of the candidate is approved, he will be covered under the insurance contract. The Company intends to renew the contract with the same terms and conditions at the next renewal.
5. The Company has registered Mr. Jun Yamamoto as an independent officer with the Tokyo Stock Exchange. If this Proposal is approved and he takes office as Outside Director who is an Audit and Supervisory Committee Member, the Company plans to appoint him as an independent officer.

Name (Date of birth)	Past experience, positions, responsibilities at the Company	[Reappointment] [Outside] [Independent]
Jun Yamamoto (December 26, 1970)	April 1999 Registered as attorney-at-law April 2001 Joined Dojima Law Office L.P.C June 2015 Outside Director, Honyaku Center Inc. June 2021 Outside Director (Audit and Supervisory Committee Member), the Company (current position) [Significant concurrent positions] April 2005 Partner, Dojima Law Office L.P.C. June 2015 Outside Auditor, REVO International Inc. June 2019 Outside Director (Audit and Supervisory Committee Member), Honyaku Center Inc.	Number of shares of the Company held: 0 Years of service as Director: 4 Attendance at the Board of Directors meetings: 13/13 (100%) Attendance at the Audit and Supervisory Committee meetings: 13/13 (100%)

[Reason for nomination as candidate for Outside Director who is an Audit and Supervisory Committee Member and the outline of expected roles]
Mr. Jun Yamamoto is well-versed in corporate legal affairs, compliance, etc., as an attorney-at-law, and the Company has nominated him as a candidate for Outside Director who is an Audit and Supervisory Committee Member, expecting that he will continue to supervise the business execution of the Directors from an objective standpoint, and provide advice to ensure the validity and transparency of management decision-making, by utilizing the specialized knowledge, experience, etc., that he has accumulated. Although he has never been involved in corporate management except as an outside officer, the Company judged that he will be able to appropriately perform the duties of Outside Director for the reasons above.

[Reference] 1. Directors' Skill Matrix

The composition and expertise of the Board of Directors in the event that each Proposal is approved as proposed at this Ordinary General Meeting of Shareholders are as follows.

	Name	Gender	Year of service	Expertise						
				Corporate management	Production technology R&D	Sales Marketing	Financial accounting	Personnel and labor Human resource development	Legal affairs Compliance	Global
Director	Aki Hashimoto [Reappointment]	F	12	O		O	O	O		O
	Kiyonori Saka [Reappointment]	M	15	O	O		O	O		O
	Jun Takano [Reappointment]	M	15	O	O				O	O
	Norio Ogata [Reappointment]	M	11			O		O	O	O
	Masaaki Tsuchiya [Reappointment]	M	9		O			O		O
	Yasuhiko Nakashima [Reappointment]	M	8				O		O	
	Takeshi Iijima [Reappointment]	M	6	O		O		O		O
Director who is an Audit and Supervisory Committee Member	Hirohisa Kikuyama	M	9	O	O				O	
	Yusaku Nishimura [Outside] [Independent]	M	9						O	
	Shine Matsumura [Outside] [Independent]	M	7				O			
	Jun Yamamoto [Reappointment] [Outside] [Independent]	M	4						O	
	Kayoko Nishino [Outside] [Independent]	F	1				O			
	Akemi Uchida [Outside] [Independent]	F	1	O				O		

M: Male; F: Female

Note: The list above does not represent all the insights and experiences of each candidate.

[Reference] 2. Policies and procedures for nomination of candidates for Director

1. Nomination policies and procedures for candidates for Director (excluding Directors who are Audit and Supervisory Committee Members)
   The Nomination Advisory Committee and Compensation Advisory Committee deliberate on the nomination of candidates for Director (excluding Directors who are Audit and Supervisory Committee Members) in line with the following standards, based on the consultation of the Board of Directors. Based on the recommendation of the Committees, the Board of Directors resolves the nominations as agenda items for the General Meeting of Shareholders and submits them as Proposals at the General Meeting of Shareholders.

(i)	Possessing the ability to contribute to sustainable growth of corporate value, and abilities that are appropriate for supervising management
(ii)	Possessing a deep insight of their role from present and future perspectives
(iii)	Possessing excellent personality and discernment
(iv)	Being in good mental and physical health

2. Nomination policies and procedures for candidates for Director who are Audit and Supervisory Committee Members
   The Nomination Advisory Committee and Compensation Advisory Committee deliberate on the nomination of candidates for Director who are Audit and Supervisory Committee Members in line with the following standards, based on the consultation of the Board of Directors. Based on the recommendation of the Committees, and after obtaining the agreement of the Audit and Supervisory Committee, the Board of Directors resolves the nominations as agenda items for the General Meeting of Shareholders and submits them as Proposals at the General Meeting of Shareholders.

(i)	Being able to audit the execution of duties by the Directors (excluding Directors who are Audit and Supervisory Committee Members) from a fair and objective standpoint, and being able to contribute to improving the soundness and transparency of management
(ii)	Possessing a deep understanding of corporate management and insight into inorganic chemistry and fluorine chemistry
(iii)	Possessing excellent personality and discernment
(iv)	Being in good mental and physical health

As for the nomination of Outside Directors, the process is taken also bearing in mind their independence.

[Reference] 3. Standards for assessing independence of Outside Directors

In addition to independence standards stipulated by financial instruments exchanges, the Company deems Directors to be independent if they currently and within the last three (3) fiscal years are not and have not been any of the following.

(i)	An executive of a major business partner (being a corporation or other entity which records revenue or purchases from the Company or its subsidiary exceeding 10 million yen per fiscal year) of the Company or its subsidiary
(ii)	An executive of a major lender (being a corporation or other entity with whom the Company or its subsidiary has borrowings exceeding 10 million yen per fiscal year) of the Company or its subsidiary
(iii)	A consultant, attorney-at-law, accounting specialist, or legal specialist who receives from the Company or its subsidiary money or other assets exceeding 10 million yen per fiscal year (excluding executive compensation)
(iv)	A major shareholder (a person who directly or indirectly holds 10% or more of voting rights) of the Company or its executive
(v)	A person who belongs to a body that receives from the Company or its subsidiary donations exceeding 5 million yen per fiscal year

Proposal 3: Partial Revision of the Share-based Compensation Plan for Directors, etc.

1. Reasons for the proposal and reasons why the compensation is appropriate

In this Proposal, partial revision (hereinafter the "Revision") of the share-based compensation plan (hereinafter the "Plan") for Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors, hereinafter "Directors, etc.") is proposed for approval.

The purpose of the Revision is to increase Directors' motivation to contribute to a further increase in corporate value to realize the medium-term management plan starting from fiscal year 2025, by further clarifying the link between compensation for Directors, etc. and the Company's business performance and share value, and by having Directors, etc. share with shareholders not only the benefits of a rise in share price but also the risk of a decline in share price. Considering this objective, the Company will revise the maximum amount of money to be contributed by the Company and the calculation method and maximum number of the Company's shares to be allotted to Directors, etc. Considering these objectives and reasons, the Company believes that the content of this Proposal is appropriate, as it is also consistent with the policy for determining the content of compensation, etc. for individual Directors of the Company.

The amount of compensation, etc., for Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members) shall be up to 450 million yen per year, which is the maximum amount of compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members) approved at the 73rd Ordinary General Meeting of Shareholders held on June 16, 2016. (However, this does not include the employee salary portion for Directors concurrently serving as employees.) However, the Company proposes the amount and details of compensation, etc., for the Plan, which has been introduced as a separate framework from the above-mentioned compensation framework.

It is also proposed that the details of the Plan after the Revision be left to the discretion of the Board of Directors of the Company, within the framework of 3. below. In addition, regarding this Proposal, the Audit and Supervisory Committee has judged that the Revision is appropriate, as it is deemed to provide an appropriate incentive for further enhancement of the Company's corporate value.

If Proposal 1, "Election of Seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members)," is approved as originally proposed, the number of Directors, etc. eligible for the Plan at present will be seven (7).

2. Details of the Revision

The previous content of the Plan shall be partially revised as follows.

(Main revision items)

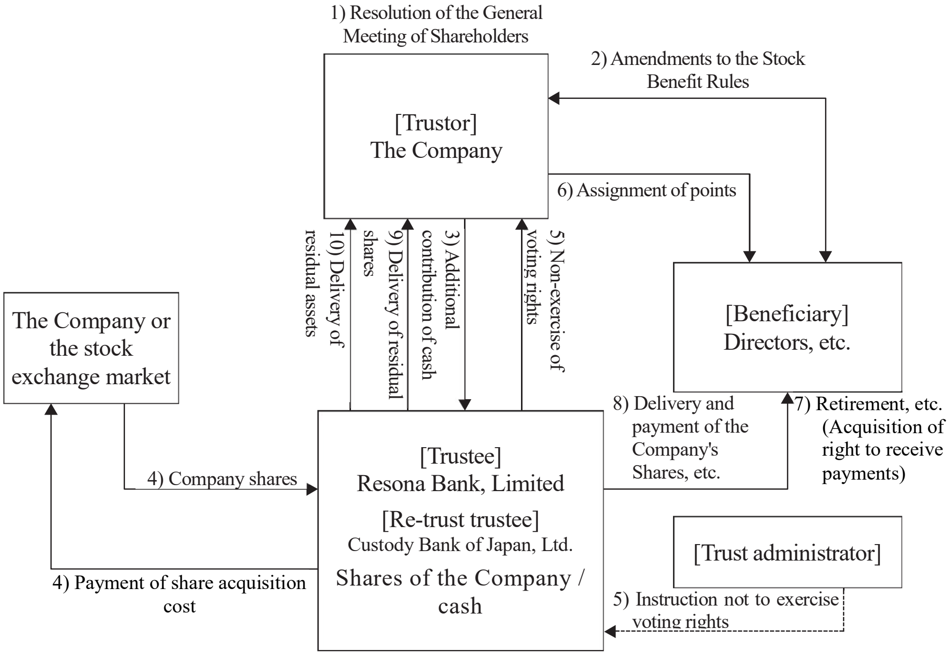
Item	Before revision	After revision
Maximum amount of money to be contributed by the Company	**180 million yen** per applicable period (five (5) fiscal years)	**250 million yen** per applicable period (five (5) fiscal years)
Calculation method and maximum number of the Company's shares to be allotted to Directors, etc.	Basic points by position = **Amount equivalent to 8% or 10%** of the annual base amount of executive compensation ÷ Share price (average acquisition unit price of the Company's shares)	Basic points by position = **Amount equivalent to 10%** of the annual base amount of executive compensation ÷ Share price (average acquisition unit price of the Company's shares)

3. Amount and details of compensation, etc. under the Plan

(1) Outline of the Revised Plan

Under the Plan, the Company's shares shall be acquired by a trust established by the Company's contribution of cash in accordance with the stock benefit rules determined in advance by the Company (the "Stock Benefit Trust for Directors"; hereinafter the "Trust"). The Company's shares in the number equivalent to the number of points to be granted to Directors, etc. and the amount equivalent to the market value of the Company's shares (hereinafter collectively referred to as the "Company's Shares, etc.") shall be delivered and paid to each Director, etc. through the Trust when the Director, etc. retires. (Hereinafter, the delivery of the Company's shares and the payment of cash equivalent to the market value of the Company's shares shall be collectively referred to as the "Payment of the Company's Shares, etc.")

[Outline of the Revised Plan]



1) In regard to the revision of the Plan, the Company shall obtain a resolution for approval of executive compensation at this General Meeting of Shareholders.
2) The Company shall amend the stock benefit rules for Directors, etc. at a meeting of the Board of Directors.
3) The Company will make an additional contribution of cash within the range approved by this General Meeting of Shareholders in 1) above and the Board of Directors.
4) The Trust shall acquire the Company's shares through the Company (disposal of treasury shares) or the stock exchange market (including after-hours trading) using the money entrusted in 3) above as funds. The number of shares to be acquired shall be within the range approved at this General Meeting of Shareholders.
5) Voting rights associated with the Company's shares held in the Trust shall not be exercised throughout the trust period.
6) The Company shall grant points to Directors, etc. in accordance with the stock benefit rules.
7) Directors, etc. shall acquire the rights to receive the Company's Shares, etc. upon their retirement, etc., and become beneficiaries.
8) The trustee shall deliver and provide the Company's Shares, etc., to the beneficiaries.
9) If any residual shares arise at the expiration of the trust period, the Trust shall continue to be used as the Plan or a share-based compensation plan similar thereto by amending the trust agreement and entrusting additional money to the Trust by a resolution of the Board of Directors, etc., or the Trust shall transfer such residual shares to the Company without consideration, and the Company shall cancel such shares or donate such shares to public interest corporations, etc., by a resolution of the Board of Directors.
10) At the time of the liquidation of the Trust, the reserve for trust expenses obtained by deducting the funds to acquire shares from the money contributed by the Company shall belong to the Company. Other residual assets will be delivered to beneficiaries or contributed to public interest corporations, etc.

[Overview of the Trust]

1) Name	:	Stock Benefit Trust for Directors (monetary trust other than cash trust (third-party benefit trust))
2) Trustor	:	The Company
3) Trustee	:	Resona Bank, Limited Resona Bank, Limited has entered into a specific comprehensive trust agreement with the Custody Bank of Japan, Ltd., and the Custody Bank of Japan, Ltd. will be the re-trust trustee.
4) Beneficiary	:	Directors, etc. who meet the beneficiary requirements
5) Trust administrator	:	A third party who does not have any interest in the Company
6) Date of conclusion of the trust agreement	:	August 24, 2020
7) Date of the contract change	:	August 2025（scheduled）
8) Trust period	:	From August 24, 2020 until the termination of the Trust (No specific termination date is set, and the Trust shall continue to exist as long as the Plan continues.)

(2) Persons eligible for the Plan

Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors).

Furthermore, even Directors who are qualified to be eligible for the Plan may be excluded from the scope of the Plan and be granted different types of compensation, taking into consideration the status of their shareholding, etc.

(3) Applicable period after revision of the Plan

The five (5) fiscal years from the fiscal year ending March 31, 2026 to the fiscal year ending March 31, 2030 (hereinafter “Initial Applicable Period”) and the period of every five (5) fiscal years starting after the expiry of Initial Applicable Period (hereinafter, each period together with Initial Applicable Period shall be referred to as the “Applicable Period”).

(4) Trust period

From August 24, 2020 until the termination of the Trust (No specific termination date is set, and the Trust shall continue as long as the Plan continues.) The Trust shall be terminated due to delisting of the Company’s shares, abolition of the stock benefit rules, etc.

(5) Maximum amount of money to be contributed by the Company

To provide the Company’s Shares, etc., to Directors, etc., based on the Plan corresponding to the Initial Applicable Period, the Company shall contribute cash as funds to acquire the Company’s shares (hereinafter “Funds to Acquire Shares”) in an amount not exceeding 50 million yen per fiscal year multiplied by the number of fiscal years included in the Applicable Period (250 million yen for the five fiscal years of the Initial Applicable Period). (See note.)

In addition, even after the Initial Applicable Period has passed, the Company shall make an additional contribution to the Trust in each Applicable Period up to the maximum amount stated above until the termination of the Plan. However, in the case where such additional contribution is made, if there are shares remaining in the trust property on the last day of the Applicable Period immediately preceding the Applicable Period in which such additional contribution is to be made (hereinafter “Remaining Shares”; provided, however, that the Company’s shares corresponding to the number of points granted to Directors, etc. (for points, see (7) below) for each Applicable Period up to the time immediately preceding the Applicable Period, excluding those that have not been paid to Directors, etc.) and cash (hereinafter collectively referred to as “Remaining Shares, etc.”), the sum of the amount of the Remaining Shares, etc. and the trust money to be additionally contributed shall be within the range of the respective maximum amounts. Furthermore, the Company may entrust additional Funds to Acquire Shares during the Applicable Period, including the Initial Applicable Period, to the extent that the total amount contributed during such Applicable Period is within the respective maximum amounts stated above.

(Note) The money actually entrusted to the Trust by the Company shall be the sum of the aforementioned Funds to Acquire Shares, as well as the estimated necessary expenses such as trust fees and trust administrator fees.

(6) Method of acquisition of the Company's shares by the Trust and the maximum number of shares to be acquired

As for the acquisition of the Company's shares by the Trust, the Trust plans to acquire the Company's shares through the disposal of treasury shares from the Company or through the trading market (including after-hours trading) within the maximum amount of Funds to Acquire Shares as stated in (5) above. However, the details of the acquisition method will be determined and disclosed by the Company after this General Meeting of Shareholders.

During the Initial Applicable Period, the Trust shall acquire a maximum of 75,000 shares. (For the maximum number of shares to be granted, see (7) below). In addition, the Trust shall acquire shares up to the number stated above for each Applicable Period after the expiry of the Initial Applicable Period.

(7) Calculation method and maximum number of the Company's shares to be allotted to Directors, etc.

Regarding Directors, etc. as of the last day of March (hereinafter the "Record Date") every year during the Applicable Period in (3) above, annual grant points will be granted to persons eligible on the Record Date of the previous fiscal year by the last day of June after the business performance of the previous fiscal year has been confirmed.

(Point calculation formula)

Annual points granted to Directors, etc. = Basic points by position

Accumulated number of points for Directors, etc. = Accumulated number of points granted annually

[Basic points by position]

Basic points by position are calculated by dividing the amount equivalent to 10% of the executive compensation (annual executive compensation base amount) determined at a meeting of the Board of Directors to be held after the end of each fiscal year by the average acquisition price of the Company's shares.

Basic points by position = Amount equivalent to 10% of the annual base amount of executive compensation ÷ Share price (average acquisition unit price of the Company's shares)

The maximum number of points to be granted by the Company to Directors, etc. per fiscal year shall be 15,000 points (equivalent to 15,000 shares). In addition, the maximum number of points to be granted to Directors, etc. during the five (5) fiscal years of the Initial Applicable Period shall be 75,000 points (equivalent to 75,000 shares). At time of the Payment of the Company's Shares, etc. as described in (8) below, one (1) point shall be converted into one (1) share of the Company, and any fraction of less than one (1) share shall be rounded down. The company's shares shall be delivered after the number of shares is rounded to the nearest 100 shares. However, if the Company's shares are subject to a stock split, gratis allotment of shares, reverse stock split, etc. after the approval of the revision of the Plan at the General Meeting of Shareholders, the Company shall make a reasonable adjustment according to the stock split ratio, reverse stock split ratio, etc. The accumulated points corresponding to the Company's shares, etc. for which Directors, etc. will acquire the right to receive payment shall be the accumulated total of the annual grant points granted during the Applicable Period.

(8) Timing of delivery and payment of the Company's Shares, etc., to Directors, etc.

As a rule, the Company's shares shall be delivered to Directors, etc. according to the number of accumulated points determined at the time of their retirement by following the prescribed procedures to determine beneficiaries, on the condition that Directors, etc. satisfy the following beneficiary requirements at the time of their retirement as executives of the Company.

1) A person who is a Director, etc. of the Company during the Applicable Period

2) A person who has not retired due to dismissal or who has not committed certain illegal acts during his / her term of office
3) A person that satisfies other requirements deemed necessary to achieve the purpose of the Plan

However, if the requirements set forth in the stock benefit rules are satisfied, money equivalent to the market value of the Company's shares shall be provided in lieu of the delivery of a certain proportion of the Company's shares, from the perspective of securing funds for tax payment.

If a Director, etc. dies, the Company shall provide cash equivalent to the fair value of the Company's shares, in lieu of providing all the Company's shares. The Company's shares may be sold by the Trust to provide cash.

(9) Exercise of voting rights of the Company's shares in the Trust

To ensure independence from the management of the Trust, voting rights pertaining to the Company's shares, which are trust assets within the Trust, shall not be exercised without exception.

(10) Treatment of dividends of the Company's shares held in the Trust

Dividends pertaining to the Company's shares within the Trust shall be received by the Trust, and shall be allocated to the acquisition of the Company's shares, trust fees, and other trust expenses.

If the Trust is terminated, the Company plans to distribute dividends remaining in the Trust to the eligible persons under the Plan in office at the time of termination, in proportion to the number of their respective accumulated points, or contribute them to public interest corporations, etc.

(11) Treatment at the time of termination of the Trust

The Trust shall be terminated if the stock benefit rules are abolished, etc.

Of the residual assets of the Trust at the time of termination of the Trust, the Company plans to acquire all shares of the Company without consideration, and cancel them by a resolution of the Board of Directors, or donate them to public interest corporations, etc.

Of the residual assets of the Trust at the time of termination of the Trust, the Company plans to distribute the cash to Directors, etc. in office at that time in proportion to their respective accumulated points, or contribute the cash to public interest corporations, etc.

(12) Other details of the Plan

Other details of the Plan shall be determined by the Board of Directors each time the Trust is established, the trust agreement is amended, or additional contributions are made to the Trust.

<Shareholder Proposals (Proposals 4 through to 7)>

Proposals 4 through to 7 have been proposed by one shareholder (number of voting rights: 5,507) (hereinafter the "Proposing Shareholder").

Furthermore, the following proposal outlines and reasons for the proposals are provided in their original form, as submitted by the Proposing Shareholder.

Proposal 4: Amendment to the Articles of Incorporation regarding the decision-making organization for the distribution of surplus

1. Outline of the proposal

Amend Article 34 of the Articles of Incorporation as follows.

Before the amendment	After the amendment
(Decision-making organization for the distribution of surplus) Article 34 The Company shall determine the matters specified in each item of Article 459, Paragraph 1 of the Companies Act, including the distribution of surplus, by a resolution of the Board of Directors, unless otherwise provided for by laws and regulations, without a resolution of the Ordinary General Meeting of Shareholders.	(Decision-making organization for the distribution of surplus) Article 34 The Company <u>can</u> determine the matters specified in each item of Article 459, Paragraph 1 of the Companies Act, including the distribution of surplus, by a resolution of the Board of Directors, unless otherwise provided for by laws and regulations, without a resolution of the Ordinary General Meeting of Shareholders.

2. Reason for the proposal

The Company's Articles of Incorporation stipulate that the decision-making organization for the distribution of surplus earnings, etc. shall be determined by a resolution of the Board of Directors, which restricts shareholders' rights regarding the distribution of surplus earnings, etc. Therefore, the Company should amend the Articles of Incorporation so that, if there is a proposal from shareholders, the decision-making organization for the distribution of surplus earnings, etc. can be determined by a resolution at the Ordinary General Meeting of Shareholders, in addition to its determination by a resolution of the Board of Directors.

Opinions of the Board of Directors of the Company on Proposal 4

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

The proposal seeks to amend the Articles of Incorporation to allow the distribution of surplus to be determined by a resolution of the General Meeting of Shareholders in the event that shareholders propose such a distribution. However, the Company believes that decisions regarding the distribution of surplus should be made in an agile and flexible manner, taking into comprehensive consideration the Company's management strategy for enhancing medium- to long-term corporate value and the balance of interests of its shareholders, as well as the Company's financial condition and business environment. Therefore, the Articles of Incorporation stipulate that such decisions shall be made by a resolution of the Board of Directors, rather than by a resolution of the General Meeting of Shareholders, as a matter of management judgment.

In May 2023, the Company established a new shareholder return policy targeting a total return ratio of 100%, and it actually achieved a total return ratio over 100% in the two most recent fiscal years ended March 2024 and March 2025. Additionally, in the Fourth Medium-Term Management Plan announced on May 9, 2025 (fiscal years ending March 2026 to March 2028, hereinafter the "Medium-Term Management Plan"), the Company published its more detailed shareholder return policy, including (1) targeting a total return ratio of 100% or more in the three-year cumulative period covered by the Medium-Term Management Plan, and (2) setting a minimum annual dividend of 170 yen per share. In this way, the Company clarified that it would focus on improving capital efficiency while expanding growth investments and shareholder returns to achieve an optimal financial position.

The Company's Board of Directors has been making appropriate decisions regarding the distribution of surplus in light of the enhancement of medium- to long-term corporate value and shareholder value and has been steadily working to enhance shareholder returns, as exemplify by the achievement of its total payout ratio target. The Company believes that decisions regarding the distribution of surplus should be made by the Board of Directors in an agile and flexible manner, taking comprehensively into consideration its management strategy and business environment from a medium- to long-term perspective. Therefore, the Company believes that amending the Articles of Incorporation to allow the distribution of surplus to be determined by a resolution of the General Meeting of Shareholders, rather than a resolution of the Board of Directors, may impair the agility and flexibility of the Board of Directors' decision-making regarding the distribution of surplus.

Consequently, the Board of Directors of the Company opposes the proposal.

Proposal 5: Acquisition of treasury stock

1. Outline of the proposal

Pursuant to Article 156, Paragraph 1 of the Companies Act, the Company shall acquire its own common stock within one year from the conclusion of the Ordinary General Meeting of Shareholders, with a total number of shares not exceeding 1,297,000 shares and a total acquisition price not exceeding 5,577,000,000 yen, in exchange for cash.

2. Reason for the proposal

Although the Company’s stock price has been gradually trending upward since last year, we believe that the market considers the Company’s measures to be insufficient. Therefore, in order to further enhance the Company’s shareholder returns and capital efficiency, we consider that the Company should adopt a measure to acquire approximately 10% of its total outstanding shares as treasury stock and to cancel them in accordance with Article 178 of the Companies Act.

Opinions of the Board of Directors of the Company on Proposal 5

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

The Company has formulated a cash allocation policy (hereinafter the "cash allocation policy") for the period from the fiscal year ending March 2026 to the fiscal year ending March 2028 in the Medium-Term Management Plan. The cash allocation policy stipulates that, while making appropriate use of interest-bearing debt in due consideration of the management strategy and the business environment, the Company shall focus on improving capital efficiency as well as expanding growth investments and shareholder returns. For details of the cash allocation policy, please refer to the Medium-Term Management Plan.

In the Medium-Term Management Plan, the Company has already announced that the minimum dividend per share would be 170 yen per year. Besides the announced dividend amount, the proposal requests that the Company acquire up to 1,297,000 shares (approximately 10% of the total number of issued shares) for a maximum of 5,577 million yen within one year from the conclusion of the Ordinary General Meeting of Shareholders. The proposed acquisition of 5,577 million yen worth of treasury stock proposed in the proposals is clearly excessive, as it exceeds twice the Company's estimated profit attributable to owners of parent of 2.7 billion yen for the fiscal year ending March 2026. Furthermore, since the proposal requires a quick implementation within one year from the conclusion of the Ordinary General Meeting of Shareholders, the Company concluded that the proposal was made based on a short-term perspective.

The proposal contradicts the Company's cash allocation policy formulated with a view to balancing growth investment and shareholder returns from a medium- to long-term perspective. If the Company were to acquire treasury stock on the scale proposed in the proposal, the Company will be forced to reconsider and revise the assumptions underlying the Medium-Term Management Plan that it formulated after giving thorough consideration to its management strategy and business environment. Therefore, the Company believes that there is a risk that the proposal could significantly impair the Company's medium- to long-term corporate value and shareholder value.

Consequently, the Board of Directors of the Company opposes the proposal.

(Reference: Status of shareholder returns)

	FYE 3/2023	FYE 3/2024	FYE 3/2025	The Fourth Medium-Term Management Plan (FYE 3/2026–FYE 3/2028)
Dividend per share	60 yen	154 yen	170 yen	minimum of 170 yen
Acquisition of treasury stock	1.35 billion yen	—	1.04 billion yen	—
Total return ratio	91.4%	101.5%	107.0%	100% or more in the three-year cumulative period

Proposal 6: Amendment to the Articles of Incorporation regarding the number of Outside Directors

1. Outline of the proposal

To ensure that Outside Directors constitute a majority of the Board of Directors, Article 17 of the Articles of Incorporation should be amended as follows.

Before the amendment	After the amendment
(Number of Directors) Article 17 1. The number of Directors (excluding Directors who are Audit and Supervisory Committee Members) of the Company shall not be more than twelve (12), and the number of Directors who are Audit and Supervisory Committee Members of the Company shall not be more than eight (8). 2. (Newly established)	(Number of Directors) Article 17 1. The number of Directors (excluding Directors who are Audit and Supervisory Committee Members) of the Company shall not be more than twelve (12), and the number of Directors who are Audit and Supervisory Committee Members of the Company shall not be more than eight (8). 2. A majority of the Directors of the Company shall be Outside Directors as specified in Article 2, Paragraph 1, Item 15 of the Companies Act.

2. Reason for the proposal

Corporate Governance Code Principle 4-8 stipulates that Independent Outside Directors should fulfill their roles and responsibilities to contribute to a company's sustainable growth and to enhance its medium- to long-term corporate value, and companies listed on the Prime Market should appoint Independent Outside Directors with sufficient qualifications to fulfill such roles and responsibilities to constitute at least one-third of the Board of Directors. Regardless of this, it also stipulates that Prime Market-listed companies that consider it necessary to appoint a majority of Independent Outside Directors, taking into comprehensive consideration of the industry, scale, business characteristics, organizational structure, and environment surrounding them, should appoint a sufficient number of Independent Outside Directors. In addition, Principle 4-7 of the Corporate Governance Code states that one of the roles and responsibilities of Independent Outside Directors is to appropriately reflect the opinions of minority shareholders and other stakeholders in the Board of Directors from a position that is independent of management and controlling shareholders.

The Company has five Outside Directors among its 13 Directors, which satisfies the requirement of more than one-third, but we believe that by taking a more proactive approach to ensure that a majority of Directors are Outside Directors, the Company can improve its capital efficiency, enhance shareholder returns, and establish a governance structure that contributes to its sustainable growth and to enhancing its corporate value in the medium- to long-term.

Besides the issue of the number of Outside Directors, we believe that the qualifications of Outside Directors are important. The Company should appoint individuals who can contribute to the Company's sustainable growth and to enhancing its corporate value in the medium- to long-term. In this regard, we believe that the Company should consider appointing analysts with advanced experience and skills.

We believe that hiring individuals with extensive experience and skills as analysts will bring the perspective of external investors and shareholders to the Company's Board of Directors, while also serving as an effective means of enhancing corporate value through sound risk-taking. In principle, the Board of Directors of listed companies and their investors/shareholders share the same goal of enhancing long-term corporate value. However, unfortunately, in Japan, the two parties are often regarded as being in opposition to each other. We believe that the participation of Directors with the above-mentioned experience and skills in discussions and decision-making by the Board of Directors will contribute to sound risk-taking and capital allocation, as well as to better communication with the market, thereby restoring the relationship between the Board of Directors and the stock market to its originally intended constructive one. It is often explained that former bankers or accountants are responsible for the finance part in the skill matrix of the Boards of Directors, but from the perspective of promoting sound risk-taking, expertise in accounting or debt markets alone is insufficient. We believe it is meaningful to appoint experts in equity markets to address this.

Opinions of the Board of Directors of the Company on Proposal 6

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

From the perspective of improving transparency and objectivity, the Company has established the Nomination Advisory Committee and Compensation Advisory Committee as a voluntary advisory organization to the Board of Directors, with a majority of its members consisting of Independent Outside Directors. When nominating Directors, the Nomination Advisory Committee and Compensation Advisory Committee considers factors including the Company's management strategy and business environment to identify skills that should be prioritized and then deliberates on appropriate persons who will contribute to enhancing corporate value and their composition. The results of these deliberations are reported to the Board of Directors for a resolution and then submitted to the General Meeting of Shareholders for approval.

Currently, the composition of the Company's Board of Directors consists of 13 Directors members, of which 5 are independent Outside Directors members. This composition meets the corporate governance code requirements for Prime Market-listed companies to have Outside Directors with independence comprising at least one-third or more of the Board of Directors, and each Director possesses diverse skills and backgrounds, including those with corporate management experience, lawyers, and certified public tax accountants. Consequently, the Company believes that the Board of Directors possesses sufficient independence and diversity necessary to supervise the execution of management, and will contribute to the sustainable improvement of the Company's corporate value and thereby to the interests of its shareholders.

On the contrary, establishing in the Articles of Incorporation a provision such as that proposed by the proposal may, in fact, restrict the range of candidates for Directors, and as a result, may hinder consideration of the optimal composition of the Board of Directors and candidates for Directors as circumstances change.

Consequently, the Board of Directors of the Company opposes the proposal.

Proposal 7: Approval of compensation amounts for the restricted stock compensation plan

1. Outline of the proposal

The maximum amount of compensation for the Company's Directors was resolved at the Ordinary General Meeting of Shareholders held on June 16, 2016, to be 450 million yen per year for Directors (excluding Directors who are Audit and Supervisory Committee Members) and 60 million yen per year for Directors who are Audit and Supervisory Committee Members. Besides this, at the Ordinary General Meeting of Shareholders held on June 20, 2018, it was resolved to grant stock acquisition rights as stock options to Directors (excluding Directors who are Audit and Supervisory Committee Members). Additionally, separate from the above, at the Ordinary General Meeting of Shareholders held on June 19, 2020, it was resolved to introduce a stock grant trust and to set the maximum amount of cash to be contributed to such trust at 180 million yen for five fiscal years from the fiscal year ended March 31, 2021, to the fiscal year ended March 31, 2025.

Now, the Company shall grant to its Directors, including Outside Directors, monetary compensation claims for the granting of restricted stock with a maximum annual amount of 500 million yen and a maximum number of 100,000 shares, in addition to the above-mentioned amount of annual compensation.

The specific timing and allocation of payments will be determined by the Board of Directors. The new plan shall be designed as a performance-based incentive plan based on indicators including Return On Equity (ROE) and Total Shareholder Return (TSR), and it shall be designed to grant restricted stock equivalent to three times the fixed compensation cumulatively in the next three years, provided that the performance criteria are met.

2. Reason for the proposal

We believe that the biggest weakness of Boards of Directors in Japan is the low level of shareholding among directors, which results in them lacking a shareholder perspective. At the Company, shareholding by its Directors is low, and the majority of its Directors' economic interests are in the form of basic compensation as fixed compensation. Although some compensation is linked to the achievement of performance targets, we believe that Directors' value sharing with shareholders, which is the purpose of share-based compensation, is insufficient. It is necessary to provide economic incentives to the Company's Directors to promote the sustainable improvement of corporate value and to share the results of this improvement of corporate value with shareholders by aligning their interests with those of shareholders.

The benchmark for effective stock-based compensation that aims to promote value sharing between Directors and shareholders is considered to be three times the amount of fixed compensation. The Company has implemented a stock compensation plan. However, in the 81st fiscal year (April 1, 2023, to March 31, 2024), while the Company paid fixed compensation of 139 million yen annually to its Directors (excluding Directors who are Audit and Supervisory Committee Members), stock compensation was only 18 million yen, accounting for just 13% of fixed compensation. At this ratio, it would take approximately 23 years to reach the benchmark for effective stock-based compensation to promote value sharing between Directors and shareholders, equivalent to three times the fixed compensation. Since stock compensation is meaningless unless it is granted during the term of office of Directors, it is necessary to grant a certain amount of stock compensation in a fairly short period of time.

In addition, in Europe and the United States, almost all major listed companies have adopted shareholding guidelines that stipulate that a certain amount of shares, which are considered necessary for value sharing with shareholders, must be held for a certain period of time. With a grace period of several years, most cases involve three to five times the basic salary for top management and one times the salary even for Outside Directors. We propose that the Company's Directors and other members of management should aim to achieve a level of shareholding that meets global standards, without being bound by past conventions, and demonstrate their commitment through appropriate disclosure, and that the Company should establish shareholding guidelines.

Opinions of the Board of Directors of the Company on Proposal 7

<u>The Board of Directors of the Company **opposes the proposal**.</u>

To ensure the steady implementation of measures outlined in the Medium-Term Management Plan and to enhance corporate value on a sustainable basis, the Company has established a compensation plan for Directors that clearly aligns compensation with performance and promotes value sharing with shareholders. The basic policy for determining the compensation of individual Directors is to set appropriate levels based on their respective responsibilities, experience, and contributions. Specifically, the compensation of Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors, hereinafter "Executive Directors") shall consist of basic compensation as fixed compensation, performance-based compensation, and stock-based compensation. For Directors who are Audit and Supervisory Committee Members and Outside Directors, who are responsible for supervisory functions, only basic compensation shall be paid in consideration of their duties.

Regarding non-monetary compensation as a medium- to long-term incentive, the Company has introduced the Board Benefit Trust to strengthen the link between the compensation for Executive Directors and the Company's business performance and share value, and to encourage Executive Directors to contribute to the improvement of medium- to long-term business performance and increase corporate value by making them share together with shareholders not only the benefits of share price increases, but also the risks of share price decreases. Thus, the Company believes that the current compensation plan sufficiently ensures value sharing between its Directors and shareholders.

The Company believes that it is important to ensure the appropriateness of the amount of compensation paid to Directors and the transparency of the decision-making process in determining compensation for Directors. Therefore, the Nomination Advisory Committee and Compensation Advisory Committee, which is a voluntary advisory organization to the Board of Directors, determines compensation for Directors after deliberations. As mentioned above, the Company believes its current compensation plan has is appropriateness and transparency, and it provides incentives to Directors to promote the enhancement of corporate value on a sustainable basis, and is appropriate for realizing value sharing with its shareholders.

On the contrary, the proposal proposes to grant monetary compensation claims for the grant of restricted shares with a maximum annual amount of 500 million yen and a maximum number of 100,000 shares to the eligible Directors, etc., and to design this as a performance-based incentive plan based on indicators including Return On Equity (ROE) and Total Shareholder Return (TSR). Furthermore, the proposal proposes that, if the performance criteria are met, restricted stock equivalent to three times the fixed compensation will be granted cumulatively over the next three years. The content of the proposal deviates from the Company's basic policy on the compensation for Directors, which was determined by reference to the compensation levels of other companies with a similar business scale or in similar industries, and the Company believes that the proposal is inappropriate as it constitutes an excessive stock-based compensation plan that significantly lacks balance between basic compensation, performance-based bonuses, and stock-based compensation as non-monetary compensation.

Consequently, the Board of Directors of the Company opposes the proposal.