

# Notice of the 74th Annual General Meeting of Shareholders



**Date and time**

Wednesday, June 24, 2026  
10 a.m. (reception begins at 9:30 a.m.)

**Venue**

4-1-23 Shiba, Minato-ku, Tokyo  
Mita NN Hall, B1F (1st basement floor), Mita NN Building

**Proposals**

- Proposal 1 Appropriation of Surplus
- Proposal 2 Election of Six Directors Who Are Not Audit & Supervisory Committee Members
- Proposal 3 Partial Revision to Stock-Based Compensation System for Directors, etc. Who Are Not Audit & Supervisory Committee Members

**Table of Contents**

Notice of the 74th Annual General Meeting of Shareholders . 1  
Reference Documents for the General Meeting of  
Shareholders ..... 5

**To Our Shareholders**

The right to vote at general meetings of shareholders is an important right of shareholders. Please review the attached Reference Documents for the General Meeting of Shareholders before exercising your voting rights.  
For details of how to exercise your voting rights, please see page 3.

Nifco Inc.  
Securities Code: 7988

To Shareholders

Securities Code 7988

June 5, 2026

(Start date of electronic provision measures: June 2, 2026)

5-3 Hikari-no-oka, Yokosuka, Kanagawa

Nifco Inc.

President & Representative Director

Masaharu Shibao

## Notice of the 74th Annual General Meeting of Shareholders

We would like to express our gratitude for your continued support.

You are cordially invited to attend the 74th Annual General Meeting of Shareholders of the Company, which will be held as described below.

For this General Meeting of Shareholders, we have taken electronic provision measures for the Reference Documents for the General Meeting of Shareholders, etc. (electronic provision measures). For such documents, please refer to one of the following websites:

**[Company website]**

<https://www.nifco.com/en/news/detail/2026shoushuu.html>

(Please access the above website and select “Notice of the 74th Annual General Meeting of Shareholders.”)

**[Website for the materials for the General Meeting of Shareholders]**

<https://d.sokai.jp/7988/teiji/>

**[Tokyo Stock Exchange website (TSE-listed company information service)]**

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>

(In the TSE website, enter “Nifco Inc.” in Issue name (company name) or “7988” in code and click search.

In the page that appears, select [Basic Information] -> [Documents for public inspection / PR information]

to display the list of available documents. From the list, select [Click here for access] under **Notice of General Shareholders Meeting / Information Materials for a General Shareholders Meeting.**)

**Please review the attached Reference Documents for the General Meeting of Shareholders before exercising your voting rights.**

**[Voting in writing (by mail)]**

Please indicate your approval or disapproval of the proposals on the agenda on the enclosed Voting Rights Exercise Form and return it to us to arrive by no later than 5 p.m. on Tuesday, June 23, 2026.

**[Voting via the Internet, etc.]**

To exercise your voting rights via the Internet, etc., please enter your approval or disapproval of the proposals in accordance with the onscreen instructions by no later than 5 p.m. on Tuesday, June 23, 2026, by (1) scanning the login QR code or (2) accessing the website for exercising voting rights designated by the Company (<https://soukai.mizuho-tb.co.jp/>).

**If you exercise your voting rights via the Internet, etc., please refer to “Guide to Exercising Voting Rights via the Internet, Etc.” on page 4.**

**If you do not indicate your approval or disapproval of a proposal when you exercise your voting rights by means of the Voting Rights Exercise Form, it will be treated as an approval.**

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- |             |  |   |                          |  |   |   |   |  |            |                          |            |   |            |   |
|-------------|--|---|--------------------------|--|---|---|---|--|------------|--------------------------|------------|---|------------|---|
| 1           | Date and time  | Wednesday, June 24, 2026, at 10 a.m. (reception begins at 9:30 a.m.)  |                          |  |   |   |   |  |            |                          |            |   |            |   |
| 2           | Location   | Mita NN Hall, B1F (1st basement floor), Mita NN Building 4-1-23 Shiba, Minato-ku, Tokyo   |                          |  |   |   |   |  |            |                          |            |   |            |   |
| 3           | Objectives   | <table border="0" style="width: 100%;"><tr><td style="vertical-align: top; padding-right: 10px;">Reports</td><td>1. Business Report, Consolidated Financial Statements and Results of Audit of Consolidated Financial Statements by the Accounting Auditor and the Audit &amp; Supervisory Committee for the 74th fiscal year (from April 1, 2025, to March 31, 2026)</td></tr><tr><td></td><td>2. Non-consolidated Financial Statements for the Company’s 74th fiscal year (from April 1, 2025, to March 31, 2026)</td></tr><tr><td style="vertical-align: top; padding-right: 10px;">Resolutions</td><td><table border="0" style="width: 100%;"><tr><td style="vertical-align: top; padding-right: 10px;">Proposal 1</td><td>Appropriation of Surplus</td></tr><tr><td style="vertical-align: top; padding-right: 10px;">Proposal 2</td><td>Election of Six Directors Who Are Not Audit &amp; Supervisory Committee Members</td></tr><tr><td style="vertical-align: top; padding-right: 10px;">Proposal 3</td><td>Partial Revision to Stock-Based Compensation System for Directors, etc. Who Are Not Audit &amp; Supervisory Committee Members</td></tr></table></td></tr></table> | Reports                  | 1. Business Report, Consolidated Financial Statements and Results of Audit of Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Committee for the 74th fiscal year (from April 1, 2025, to March 31, 2026) |   | 2. Non-consolidated Financial Statements for the Company’s 74th fiscal year (from April 1, 2025, to March 31, 2026) | Resolutions   | <table border="0" style="width: 100%;"><tr><td style="vertical-align: top; padding-right: 10px;">Proposal 1</td><td>Appropriation of Surplus</td></tr><tr><td style="vertical-align: top; padding-right: 10px;">Proposal 2</td><td>Election of Six Directors Who Are Not Audit &amp; Supervisory Committee Members</td></tr><tr><td style="vertical-align: top; padding-right: 10px;">Proposal 3</td><td>Partial Revision to Stock-Based Compensation System for Directors, etc. Who Are Not Audit &amp; Supervisory Committee Members</td></tr></table> | Proposal 1 | Appropriation of Surplus | Proposal 2 | Election of Six Directors Who Are Not Audit & Supervisory Committee Members | Proposal 3 | Partial Revision to Stock-Based Compensation System for Directors, etc. Who Are Not Audit & Supervisory Committee Members |
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| Proposal 3  | Partial Revision to Stock-Based Compensation System for Directors, etc. Who Are Not Audit & Supervisory Committee Members  |   |                          |  |   |   |   |  |            |                          |            |   |            |   |
| 4           | Guide to Exercising Voting Rights  | Please refer to the “Guide to Exercising Voting Rights” on page 3.  |                          |  |   |   |   |  |            |                          |            |   |            |   |
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- When attending the meeting, please present the Voting Rights Exercise Form sent out with this notice to the receptionist at the meeting.
- If any amendments are made to the Electronic Provision Measures, a notice to that effect along with the matters before and after amendment will be posted on each website indicated above.

There will be no social gathering or gifts on the day of the General Meeting of Shareholders. We would appreciate your understanding.






## Guide to Exercising Voting Rights

The right to vote at general meetings of shareholders is an important right of shareholders.

Please review the attached Reference Documents for the General Meeting of Shareholders before exercising your voting rights.

There are three ways to exercise your voting rights:

 <p style="text-align: center;"><b>Voting via the Internet</b></p> <p>Enter your approval or disapproval of each proposal according to the instructions on the next page.</p> <p style="text-align: center;">Deadline</p> <hr/> <p style="text-align: center;"><b>Entries completed by 5 p.m. on Tuesday, June 23, 2026</b></p>	 <p style="text-align: center;"><b>Voting in writing (by mail)</b></p> <p>Indicate your approval or disapproval of the proposals on the Voting Rights Exercise Form and return it to us.</p> <p style="text-align: center;">Deadline</p> <hr/> <p style="text-align: center;"><b>Voting cards must arrive by 5 p.m. on Tuesday, June 23, 2026</b></p>	 <p style="text-align: center;"><b>Attending the General Meeting of Shareholders</b></p> <p>Submit the Voting Rights Exercise Form to the receptionist at the meeting.</p> <p style="text-align: center;">Date and time</p> <hr/> <p style="text-align: center;"><b>Wednesday, June 24, 2026, at 10 a.m.</b> (reception begins at 9:30 a.m.)</p>
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## Instructions for Filling Out the Voting Rights Exercise Form

The form includes fields for shareholder number (株主番号), meeting number (議決権の数), and meeting date (XX 期). It features a grid for voting on proposals and a section for candidate names.

\* The above is for illustration purposes only.

Please indicate here whether you approve or disapprove of each proposal:

### Proposals 1 and 3

- If you approve >> Put a circle in the “Approve” column
- If you disapprove >> Put a circle in the “Disapprove” column

### Proposal 2

- If you approve for all the candidates >> Put a circle in the “Approve” column
- If you disapprove for all the candidates >> Put a circle in the “Disapprove” column
- If you disapprove for some of the candidates >> Put a circle in the “Approve” column and fill in the number of the candidate(s) you disapprove

If you exercise your voting rights both in writing (by mail) and via the Internet, etc., the exercise of your voting rights via the Internet, etc. will be treated as valid. If you exercise your voting rights more than once via the Internet, etc., the last vote will be treated as the valid vote.

# Guide to Exercising Voting Rights via the Internet, Etc.

## Scanning the login QR Code “Smart Vote”

You can log in to the voting website without entering your voting code and password.

1. Please scan the QR Code printed on the lower right-hand side of the Voting Rights Exercise Form.



\* “QR Code” is a registered trademark of DENSO WAVE INCORPORATED.

2. Enter your approval or disapproval by following the instructions shown on the screen.



Please note that exercising voting rights by using “Smart Vote” is available only once. If you wish to change your votes after exercising your voting rights, please log in to the voting website for PC by using your voting code and password printed on the Voting Rights Exercise Form, and exercise your voting rights again.

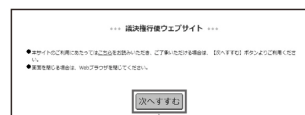
\* If you rescan the QR Code, you can access the voting website for PC.

If you are not sure how to operate your computer or smartphone, etc. when exercising your voting rights via the Internet, please contact us with the information on the right.

## Entering your voting code and password

Voting website <https://soukai.mizuho-tb.co.jp/>

1. Please access the voting website.



Click “Proceed to the next”

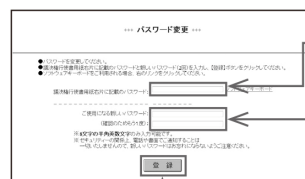
2. Please enter the voting code printed on the Voting Rights Exercise Form.



Enter your voting code

Click “Next”

3. Please enter the password printed on the Voting Rights Exercise Form.



Enter the initial password

Enter the new password that you will actually use

Click “Register”

4. Enter your approval or disapproval by following the instructions shown on the screen.

\* The operation screen is for illustration purposes only.

Internet Help Dial, Stock Transfer Agency Department  
Mizuho Trust & Banking Co., Ltd.

0120-768-524

(Business hours: 9:00 to 21:00)

Institutional investors can use the electronic voting platform for institutional investors operated by ICJ, Inc.

# Reference Documents for the General Meeting of Shareholders

## Proposal 1

## Appropriation of Surplus

The appropriation of surplus is proposed as follows:

### Year-end dividend

The Company proposes to pay a year-end dividend for the 74th fiscal year as follows, taking into account the results of the current period and future business development.

Type of dividend property	Money
Allotment of dividend property and total amount thereof	The Company proposes to pay <b>70 yen (ordinary dividend: 70 yen)</b> per share of common stock. In this case, the total dividends will be <b>6,536,466,300 yen</b> . Including the interim dividend, the annual dividend for the current fiscal year will be <b>110 yen</b> per share.
Effective date of dividends of surplus	We would like to make it June 25, 2026.

**Proposal 2**

**Election of Six Directors Who Are Not Audit & Supervisory Committee Members**

The terms of office of all five Directors (Directors who are Audit & Supervisory Committee Members are excluded; the same shall apply hereinafter in this proposal) will expire at the conclusion of this General Meeting of Shareholders.

Accordingly, it is proposed to increase the number of Directors by one in order to strengthen our global management system, and elect six Directors.

The Audit & Supervisory Committee confirmed the policy, approach and deliberation process for each candidate submitted to the Board by the Nomination, Compensation and Governance Committee, an advisory body to the Board of Directors. As a result, the Audit & Supervisory Committee has determined that each candidate is qualified to serve as a Director who is not an Audit & Supervisory Committee Member.

The candidates for Director are as follows:

Candidate Number

**1**

**Masaharu Shibao** (Born on December 14, 1961)

Male

Number of the Company shares owned ..... 74,432  
 (of which, shares to be delivered under the stock-based compensation system) ..... (12,233)  
 Years in office ..... 10  
 Attendance at Board of Directors meetings 12/12



**[Brief Personal History, Positions and Responsibilities in the Company]**

April 1985	Joined Nifco Inc.	June 2020	Vice President & Representative Director, Head of Sales, Chief Operating Officer (COO), Nifco Inc.
April 2010	President of Nifco Deutschland GmbH		
June 2015	Executive Officer of Nifco Inc. and President of Nifco America Corp.	April 2021	President & Representative Director, Chief Operating Officer (COO), Nifco Inc.
June 2016	Director and Executive Managing Officer, CMO, Head of Sales, Nifco Inc.	June 2023	President & Representative Director, Chief Executive Officer (CEO), Nifco Inc (current position)
June 2019	Director and Senior Executive Managing Officer, CMO, Head of Sales, In charge of Technology & Platform Business Division, Nifco Inc.		

Reappointment

**[Significant Concurrent Positions]** None

**Reasons for Nomination as a Candidate for Director**

He has been primarily in charge of product development and the Sales Division and served as President of European and U.S. subsidiaries. The Company has nominated him as a candidate for appointment as a Director because of his diverse and global experience, knowledge and expertise.

Candidate Number

**2**

**Michihiro Fukuo** (Born on September 24, 1971)

Male

Number of the Company shares owned ..... 9,917  
 (of which, shares to be delivered under the stock-based compensation system) ..... (3,772)  
 Years in office ..... 1  
 Attendance at Board of Directors meetings 9/9



**[Brief Personal History, Positions and Responsibilities in the Company]**

April 1994	Joined Nifco Inc.	April 2025	Executive Officer, Head of R&D and CTO, Head of Manufacturing and CPO, Nifco Inc.
April 2015	General Manager, Advanced Technology R&D Division, Technology Development Center, Nifco Inc.		
January 2018	Head of Technology Development Center, Nifco Inc.	June 2025	Director, Head of R&D and CTO, Head of Manufacturing and CPO, Nifco Inc. (current position)
April 2022	Deputy Head of Technology, Nifco Inc.		
April 2024	Executive Officer, Head of R&D and CTO, Nifco Inc.		

Reappointment

**[Significant Concurrent Positions]** None

**Reasons for Nomination as a Candidate for Director**

He has primarily been involved in technology development departments and oversees product design development and development of underlying technologies as Head of R&D. The Company has nominated him as a candidate for appointment as a Director because of his diverse and experience, knowledge and expertise in the area of technology and development.

Candidate Number

3

**Han Sagong**

Male

(Born on January 15, 1967)

Number of the Company shares owned ····	-
(of which, shares to be delivered under the stock-based compensation system) ·····	(-)
Years in office ·····	-
Attendance at Board of Directors meetings	-



**[Brief Personal History, Positions and Responsibilities in the Company]**

February 1993	Joined Nifco Korea Inc.	April 2025	Representative Director, President & CEO, Nifco Korea Inc., and Nifco Korea Group Control Officer
April 2016	Managing Director, Head of Ulsan Factory, Nifco Korea Inc.		
April 2018	Senior Managing Director, Head of Production, Head of Quality, Nifco Korea Inc.	June 2025	Executive Officer, Nifco Inc., Representative Director, President & CEO, Nifco Korea Inc., and Nifco Korea Group Control Officer
April 2024	Vice President & COO, Nifco Korea Inc.		Group Control Officer (current position)

New appointment

**[Significant Concurrent Positions]** None

**Reasons for Nomination as a Candidate for Director**

He has primarily been involved in the business for Korean automobile manufacturers. The Company has nominated him as a candidate for appointment as a Director because of his global management experience, knowledge and expertise as Nifco Korea Group Control Officer.

Candidate Number

4

**Yoshio Kometani**

Male

(Born on April 11, 1962)

Number of the Company shares owned ····	400
(of which, shares to be delivered under the stock-based compensation system) ·····	(-)
Years in office ·····	2
Attendance at Board of Directors meetings	12/12



**[Brief Personal History, Positions and Responsibilities in the Company]**

April 1985	Joined Mitsui & Co., Ltd.	April 2023	Director, Mitsui & Co., Ltd.
March 2010	General Manager of Project Operations, Mitsui & Co., Ltd.	June 2023	Corporate Advisor, Mitsui & Co., Ltd.
April 2015	Executive Officer, Deputy COO (Chief Operating Officer), Asia Pacific Business Unit, Mitsui & Co., Ltd.	June 2024	External Director, Nifco Inc. (current position)
June 2019	Representative Director, Executive Managing Officer, Mitsui & Co., Ltd.	September 2024	Outside Director, SENSYN ROBOTICS, Inc. (current position)
April 2020	Representative Director, Senior Executive Managing Officer, CDIO (Chief Digital Information Officer), Mitsui & Co., Ltd.	March 2026	Outside Director, POLA ORBIS HOLDINGS INC. (current position)
April 2022	Representative Director, Executive Vice President, CDIO, Mitsui & Co., Ltd.		

Reappointment

External

Independent

**[Significant Concurrent Positions]**

Outside Director, SENSYN ROBOTICS, Inc.  
Outside Director, POLA ORBIS HOLDINGS INC.

**Reasons for Nomination as a Candidate for External Director and Summary of Expected Role**

The reason for selecting him as a candidate for External Director is that he has broad insight to supervise overall management from a long-term perspective, based on his experience in domestic and overseas operations, management and incubation in a leading trading company. His expected role is to use his wealth of experience and insight to contribute to the sustainable growth and enhancement of corporate value of the Company.

New appointment

Candidate for new Director

Reappointment

Candidate for reappointment as Director

External

Candidate for External Director

Independent

Independent officer as required by a stock exchange

Candidate Number

5

**Satoshi Yamahata** (Born on December 3, 1960)

Male

Number of the Company shares owned ····	-
(of which, shares to be delivered under the stock-based compensation system)·····	(-)
Years in office·····	1
Attendance at Board of Directors meetings	9/9

**[Brief Personal History, Positions and Responsibilities in the Company]**

April 1984	Joined Iino Kaiun Kaisha, Ltd.	June 2017	Director, Managing Executive Officer, Head of Management and Operations, Yamaha Corporation
January 1988	Joined Yamaha Corporation		
August 2009	General Manager of Accounting and Finance Department, Yamaha Corporation	June 2024	Managing Executive Officer, Head of Corporate Functions, Yamaha Corporation
June 2013	Executive Officer, General Manager of Corporate Planning Department, Yamaha Corporation	April 2025	Corporate Advisor, Yamaha Corporation (current position)
June 2015	Director, Senior Executive Officer, Head of Operations, Yamaha Corporation	June 2025	Outside Director, NS Solutions Corporation (current position)
		June 2025	External Director, Nifco Inc. (current position)

Reappointment

External

Independent

**[Significant Concurrent Positions]**

Outside Director, NS Solutions Corporation

**Reasons for Nomination as a Candidate for External Director and Summary of Expected Role**

The reason for selecting him as a candidate for External Director is that he has extensive experience and insight cultivated in the Accounting and Finance Department and the corporate departments of a major company. His expected role is to contribute to the sustainable growth and enhancement of corporate value of the Company, mainly in the fields of finance and capital policy and sustainability.

Candidate Number

6

**Yuka Miyagawa** (Born on October 10, 1962)

Female

Number of the Company shares owned ····	-
(of which, shares to be delivered under the stock-based compensation system)·····	(-)
Years in office·····	-
Attendance at Board of Directors meetings	-

**[Brief Personal History, Positions and Responsibilities in the Company]**

April 1985	Joined Oki Electric Industry Co., Ltd.	April 2021	Director, Managing Executive Officer, OKI Crosstech Co., Ltd.
April 2017	Executive Officer, Head of Sales HQ 2, Integrated Sales HQ, Oki Electric Industry Co., Ltd.	June 2022	External Director, SB Technology Corp.
		June 2024	External Auditor, TOPPAN Holdings Inc. (current position)
April 2020	Managing Executive Officer, Head of Business Collaboration Promotion HQ, Component & Platform Business HQ, Oki Electric Industry Co., Ltd.	June 2025	External Director (Audit & Supervisory Committee Member), Sanritsu Corporation (current position)

New appointment

External

Independent

**[Significant Concurrent Positions]**

External Auditor, TOPPAN Holdings Inc.

External Director (Audit &amp; Supervisory Committee Member), Sanritsu Corporation

**Reasons for Nomination as a Candidate for External Director and Summary of Expected Role**

The reason for selecting her as a candidate for External Director is that she has broad insight to supervise overall management based on her global business experience in the business divisions of a major company, and experience as external director and external corporate auditor of listed companies. Her expected role is to use her wealth of experience and insight to contribute to the sustainable growth and enhancement of corporate value of the Company.

- (Notes)
1. Mr. Masaharu Shibao, Mr. Yoshio Kometani, and Mr. Satoshi Yamahata are members of the Nomination, Compensation and Governance Committee.
  2. There are no special interests between the Company and Mr. Masaharu Shibao, Mr. Michihiro Fukuo, Mr. Han Sagong, Mr. Yoshio Kometani, Mr. Satoshi Yamahata, and Ms. Yuka Miyagawa.
  3. Mr. Yoshio Kometani, Mr. Satoshi Yamahata, and Ms. Yuka Miyagawa are candidates for External Director.

4. The Company has designated Directors Mr. Yoshio Kometani, and Mr. Satoshi Yamahata as independent officers pursuant to the provisions of the Tokyo Stock Exchange and has notified the Tokyo Stock Exchange of their appointment. Ms. Yuka Miyagawa meets the requirements for independent officers as stipulated by the Tokyo Stock Exchange and will be notified to the Exchange as an independent officer. If this proposal is passed and their appointment is approved, they will become independent officers.
5. The Company has entered into an agreement with Mr. Yoshio Kometani and Mr. Satoshi Yamahata to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act in accordance with the provisions of the Articles of Incorporation. The maximum amount of liability for damages under the contract is 20 million yen or the minimum liability amount stipulated by law, whichever is higher. If they are reappointed, the Company will continue the limited liability agreement with them. If Ms. Yuka Miyagawa is elected, the Company will enter into an agreement with her to limit her liability for damages under Article 423, Paragraph 1 of the Companies Act in accordance with the provisions of the Articles of Incorporation.
6. The Company has entered into a liability insurance (Directors and Officers insurance, or D&O insurance) contract with an insurance company for officers as provided in Article 430, Paragraph 3-1 of the Companies Act. The insurance policy provides that the insured is liable for the performance of its duties or is compensated for any damage that may result from receiving a claim related to the pursuit of such liability. However, there are certain disclaimers; for example, damages caused by acts committed while knowing that they are violation of the law, and damages caused when profits or benefits are obtained illegally are not covered. If each candidate on this Proposal is appointed and assumes office, he or she will be included as an insured under such insurance policy. In addition, the policy is scheduled to be renewed with the same contents at the next renewal.
7. The number of shares of the Company owned by each candidate includes the number of shares scheduled to be delivered under the stock-based compensation system as of June 1, 2026.  
[Explanation of Shares to Be Delivered under the Stock-Based Compensation System]  
In fiscal 2016, the Company introduced a stock-based compensation system (hereafter referred to as “the System”) for the Company’s Directors (excluding External Directors and overseas residents; the same applies hereafter). The shares to be delivered to the candidates under the System include (a) the non-performance-linked portion, and (b) the performance-linked portion, which is linked to performance after a certain period of time. For the number of shares to be delivered to each candidate under the System, the total number of points granted as of June 1, 2026, for (a) the non-performance-linked portion and (b) the performance-linked portion, after the performance is determined, is presented (calculated based on one share for one point). The voting rights associated with the shares to be delivered under the System will not be exercised until the shares are delivered to each candidate.
8. See page 15 for a skill matrix of the candidates.

## Partial Revision to Stock-Based Compensation System for Directors, etc. Who Are Not Audit & Supervisory Committee Members

### 1. Reasons for the Proposal and reasons why the compensation is appropriate

The Company received an approval from shareholders for the introduction of the stock-based compensation system at the 64th Annual General Meeting of Shareholders held on June 24, 2016. And by the resolution at the 69th Annual General Meeting of Shareholders held on June 24, 2021 and the one at the 72nd Annual General Meeting of Shareholders held on June 20, 2024, we revised the stock-based compensation system that targets the Company's Directors (excluding Directors who are Audit & Supervisory Committee Members, External Directors and non-residents of Japan) and Executive Officers (excluding non-residents of Japan) (hereinafter referred to as the "System"), and has maintained the System to this day. This time, we will ask your approval to partially revise the System.

The System will provide stock-based compensation to Directors and Executive Officers as a separate limit from the limit on cash compensation for Directors who are not Audit & Supervisory Committee Members (no more than 460 million yen per year, of which, no more than 60 million yen for External Directors; excluding the salary as an employee for Directors concurrently serving as employees), and this was approved at the 69th Annual General Meeting of Shareholders held on June 24, 2021.

The Company resolved at the meeting of its Board of Directors held in May 2026 to revise the policy for determining the content of compensation, etc. for Directors with the aim to link the compensation of Directors and Executive Officers with the Company's share value more clearly, to enhance their motivation to contribute to medium- to long-term improvements in performance and corporate value, and to further promote value sharing with shareholders. The revisions are subject to the approval of this Proposal and include adding External Directors (excluding those who are Audit & Supervisory Committee Members) for non-performance-linked stock-based compensation (fixed points), in addition to Directors and Executive Officers (excluding Directors who are Audit & Supervisory Committee Members and non-residents of Japan), as persons eligible for the System (persons eligible for the System are collectively referred to as the "Directors, etc." hereinafter). The partial revision of the System is in line with the above policy and is designed to be necessary and reasonable to grant individual compensation for Directors. Accordingly, we believe it is appropriate.

If Proposal No. 2 "Election of Six (6) Directors who are not Audit & Supervisory Committee Members" is approved and passed as proposed, the number of Directors who are eligible under the System will be five (5) (of which, three (3) External Directors). In addition, as described above, the System also covers Executive Officers (the number of Executive Officers who will not serve as Directors covered by the System will be six at the closing of this General Meeting of Shareholders), and the compensation under the System includes compensation for Executive Officers. In the Proposal, we propose the amount and content of the total compensation under the System as compensation for the Directors, etc., taking into account the possibility that such Executive Officers may newly assume office as Directors during the target period.

In order to ensure transparency and objectivity in the compensation determination process for the Directors, etc., the Company has established the Nomination, Compensation and Governance Committee, which is chaired by an Independent External Director and a majority of which consists of Independent External Directors. Partial revision to the System has been deliberated by the Nomination, Compensation and Governance Committee.

In addition, the Audit & Supervisory Committee judges that the procedures for determining this Proposal are appropriate because the Nomination, Compensation and Governance Committee, an advisory body to the Board of Directors, deliberated on the partial revision of the System to the Directors, etc., and based on the report, the Board of Directors deliberated and determined on this Proposal. The Audit & Supervisory Committee received an explanation on the content of the deliberations in the Nomination, Compensation and Governance Committee, and as a result of its deliberations, the Audit & Supervisory Committee concluded that the Proposal was appropriate as an incentive for the Directors, etc. to increase corporate value over the medium to long term, and that it has the advantage of contributing to value-sharing between the Directors, etc. and shareholders.

2. Amount of compensation and details of the revised System

(1) Overview of the System

The System is a stock-based compensation plan, under which a trust purchases the Company's shares using compensation to the Directors, etc. to be contributed by the Company as resources and then delivers the Company's shares to the Directors, etc. (or pays money equivalent to the proceeds from disposal of the Company's shares if there is a justifiable reason; the same shall apply hereinafter). (Details are described in (2) below.)

The Company will deliver its shares as officers' compensation to the Directors, etc. for the same number of fiscal years as a medium-term management plan (hereinafter referred to as the "Target Period"), in accordance with their positions and the degree of achievement relative to the targets of performance indicators set forth in the medium-term management plan and others. However, it will deliver its shares as non-performance-linked officers' compensation to External Directors who will be newly included as eligible persons under the System. The initial target period after approval of the revisions of the System (the "Post-Revision Target Period" hereinafter) will be three fiscal years from the fiscal year ending March 2027 to the fiscal year ending March 2029. Accordingly, the target period which started from the fiscal year ended March 2025 under the System before the revisions (the "Pre-Revision Target Period" hereinafter) shall have ended in the fiscal year ended March 2026.

\*Major revisions are underlined

<p>&lt;a&gt; Persons eligible for delivery of the Company's shares subject to this Proposal</p>	<ul style="list-style-type: none"> <li>• Directors who are not Audit &amp; Supervisory Committee Members (excluding non-residents of Japan)</li> <li>• Executive Officers (excluding non-residents of Japan)</li> <li>*<u>External Directors will be newly included as eligible persons.</u></li> </ul>
<p>&lt;b&gt; Potential impact of the Company's shares subject to this Proposal on the total number of outstanding shares of the Company</p>	
<p>Upper limit of cash to be contributed by the Company (as stated in (2) below)</p>	<ul style="list-style-type: none"> <li>• The amount obtained by multiplying 400 million yen (<u>of which, 10 million yen is allocated to External Directors</u>) by the number of years of the target period</li> <li>• The upper limit for the three fiscal years starting from this fiscal year, which is the Post-Revision Target Period, shall be 1,200 million yen in total (<u>of which, 30 million yen is allocated to External Directors</u>)</li> </ul>
<p>Upper limit of the total number of the Company's shares to be acquired by the Directors, etc., and method of acquiring the Company's shares (as stated in (3) below)</p>	<ul style="list-style-type: none"> <li>• The upper limit of points to be granted to the Directors, etc. for each fiscal year shall be 160,000 points (<u>of which, 4,000 points are allocated to External Directors</u>)</li> <li>• The number of shares at the upper limit of points for each fiscal year and converted at the rate of 1 point = 1 share is approximately 0.17% of the total shares outstanding (as of March 31, 2026, net of treasury shares)</li> <li>• The upper limit for the three fiscal years starting from this fiscal year, which is the Post-Revision Target Period, shall be 480,000 points (<u>of which, 12,000 points are allocated to External Directors</u>)</li> <li>• The Company's shares will be acquired from the stock market or the Company (sale of treasury shares)</li> </ul>
<p>&lt;c&gt; Details of criteria for achieving performance (as stated in (3) below)</p>	<ul style="list-style-type: none"> <li>• It shall be changed within 0% to 200%, according to the achievement of the performance indicators (operating profit margin, <u>ROE</u> or ROIC, TSR, and <u>employee engagement, etc.</u>) set forth in the medium-term management plan</li> <li>*<u>No criteria for achieving performance shall be set for External Directors who will be newly included as eligible persons.</u></li> </ul>
<p>&lt;d&gt; The timing of delivery of the Company's shares to the Directors, etc. (as stated in (4) below)</p>	<ul style="list-style-type: none"> <li>• Performance-linked (performance-based points) portion: After the end of the medium-term management plan period in principle</li> <li>• Non-performance-linked (fixed point) portion: After the end of each fiscal year in principle</li> <li>• Restrictions on the transfer of both the performance-linked portion and the non-performance-linked portion are imposed after the delivery of the Company's shares and until the retirement of the Directors, etc.</li> </ul>

(Reference) From fiscal 2026, the Company will switch to a fixed three-year medium-term management plan in order to further strengthen its commitment to medium- to long-term objectives. Based on this change, the schedule for share delivery under the System will be as illustrated below.

Target year of duties subject to compensation  
 Target year for performance evaluation of performance-based points

		FY2026	FY2027	FY2028	FY2029	FY2030
For FY2026	Fixed points	●	→	←	←	←
	Performance-based points	●	→	←	←	←
For FY2027	Fixed points		●	→	←	←
	Performance-based points		●	→	←	←
For FY2028	Fixed points			●	→	←
	Performance-based points			●	→	←

(2) Upper limit of cash to be contributed by the Company

The Company will contribute money up to an amount equivalent to the upper limit of trust money per fiscal year (400 million yen; of which, 10 million yen is allocated to External Directors) multiplied by the number of years corresponding to the medium-term management plan at that time as compensation to the Directors, etc. for each target period, and establish a trust whose beneficiaries are the Directors, etc. who satisfy the beneficiary requirements (hereinafter referred to as the “Trust”) or extend the trust period of the existing Trust. The said upper limit of trust funds shall be the total of the funds to purchase the Company’s shares through the Trust, and trust fees and expenses during the trust period. For the Post-Revision Target Period after approval of the revision of the System, the Company will contribute money with the upper limit of 1,200 million yen (of which, 30 million yen is allocated to External Directors) as compensation to the Directors, etc. for the three fiscal years. The Trust shall, according to the custodian’s instructions, purchase the Company’s shares from the stock market or the Company (sale of treasury share) using trust funds as resources. During the trust period, the Company shall grant points to the Directors, etc. (as stated in (3) below), and the Trust shall deliver the Company’s shares when the Directors, etc. satisfy the beneficiary requirements.

Upon the close of the trust period, the Trust may be continued by changing the trust agreement and implementing an additional trust. In such a case, a new target period of the Trust shall be the same period corresponding to the Company’s medium-term management plan at that time and the trust period of the Trust will be extended by the same number of years. The Company shall provide an additional contribution within the range approved by the General Meeting of Shareholders for each extended trust period, and during the extended trust period, it shall continue to grant points to the Directors, etc., and the Trust shall continue to deliver the Company’s shares during the extended trust period. If there are the Company’s shares (excluding the Company’s shares equivalent to points granted to the Directors, etc. for which the delivery of the Company’s shares has not been completed) and cash as of the end of the trust period before extension (hereinafter, referred to as “Remaining Shares, etc.”) in the case of an additional contribution, the total of Remaining Shares, etc. and trust funds to be additionally contributed shall be up to the amount obtained by multiplying the upper limit of trust money per fiscal year by the number of years of the said target period. The trust already established, to which the Company has contributed money within the upper limit of the trust fund amount under the System before the revisions, has acquired the Company’s shares. Since the Pre-Revision Target Period will be shortened to the period up to the fiscal year ended March 2026, the Company’s shares remaining in the existing trust (excluding the Company’s shares corresponding to points granted to the Directors, etc. for the period up to the fiscal year ended March 2026 for which delivery has not yet been completed) shall be utilized for the Post-Revision Target Period.

If the trust contract is not changed or additional trust is not executed at the expiration of the trust period, points will not be awarded thereafter. However, if a Director, etc. who has not yet received the Company’s shares at that time is in office, the trust period of the Trust may be extended until the delivery of the Company’s shares is completed.

(3) Method of calculating the number of Company’s shares to be acquired by the Directors, etc., and upper limit

The number of the Company’s shares to be delivered to the Directors, etc. shall be determined according to the number of points granted to the Directors, etc. each year.

In principle, in June of each year during the trust period, the Directors, etc. are granted “fixed points” according to their positions and “performance-based points” that vary according to their performance. External Directors shall be granted “fixed points” only and do not receive “performance-based points.”

For “performance-based points,” in principle, in June immediately after the end of a medium-term management plan when the said points are granted, “performance-based points” are calculated by multiplying cumulative points for the relevant period by the performance-linked coefficient according to the achievement of performance targets set forth in the said medium-term management plan. The performance-linked coefficient shall be determined according to the degree of achievement of the performance indicators (operating profit margin, ROE or ROIC, TSR, and employee engagement, etc.) set forth in the medium-term management plan and vary from 0% to 200%.

One point shall equal one Company share. In case of a share split or consolidation or other event that is deemed fair to adjust the points of the Company’s shares during the trust period, the Company shall adjust the number of Company’s shares per point according to the ratio of the share split or consolidation or other event.

The upper limit of points to be granted to the Directors, etc. for each fiscal year shall be 160,000 points (of which, 4,000 points are allocated to External Director). The upper limit of points has been set based on historical stock prices, etc., in light of the upper limit of trust money mentioned above. The number of the Company’s shares to be acquired by the Trust (hereinafter referred to as the “Number of Shares to Be Acquired”) for each target period shall be limited to the number of shares equivalent to the upper limit of the total number of points per fiscal year multiplied by the number of years of the said target period. The Number of Shares to Be Acquired during the Post-Revision Target Period shall be up to 480,000 shares (of which, 12,000 shares are allocated to External Directors).

(4) Method and timing of delivery of the Company’s shares to the Directors, etc.

<a>Fixed-point portion

The Directors, etc., who meet beneficiary criteria, shall be eligible for the delivery of the Company’s shares corresponding to the fixed points at a certain time after the fixed points are granted in principle, by taking specified procedures to determine the beneficiary.

<b>Performance-based point portion

The Directors, etc., who meet the beneficiary criteria, shall be eligible for the delivery of the Company’s shares corresponding to the performance-based points at a certain time after the completion of the medium-term management plan period at the time of granting the performance-based points and the calculation of the performance-based points in principle, by taking specified procedures to determine the beneficiary.

In the event that a Director, etc. who satisfies the beneficiary requirements dies, all shares of the Company corresponding to the fixed points and performance-based points granted up to that time shall be liquidated within the Trust, and cash equivalent of the liquidation proceeds shall be paid to the heir(s) of such Director, etc.

<c>Conclusion of transfer restriction agreement

In principle, upon the delivery of the Company’s shares as described in <a> and <b> above, the Company shall enter into a transfer restriction agreement with the Directors, etc. by setting a transfer restriction period until the retirement of the Directors, etc., including the following:

- (a) The Directors, etc. shall not transfer, create a security interest or otherwise dispose of the Company’s shares during the period from the day on which they receive the delivery of the Company’s shares until the day on which they retire;
- (b) Transfer restrictions shall be lifted when the Directors, etc. retire; and
- (c) In case of a serious violation of duties and internal rules or certain illegal acts such as voluntary resignation against the will of the Company during the period of restriction on transfer, the Company shall not lift the restriction on transfer of the Company’s shares delivered to such Directors, etc. and shall acquire them free of charge.

The Company’s shares subject to the transfer restriction will be managed in a dedicated account opened at a securities company by the Directors, etc. during the transfer restriction period so that they cannot transfer, create a security interest or otherwise dispose of them during the transfer restriction period.

<d>Application of the System before the revisions to previously granted points

With respect to performance-based points for fiscal 2024 and 2025 that have already been granted to the Directors, etc. under the System prior to the revisions, shares shall be delivered after the results for the fiscal 2026 and 2027, respectively, are finalized in accordance with the existing terms of the System.

(5) Forfeiture or clawback of compensation

If the Board of Directors resolves to make a retroactive restatement of financial results due to material accounting errors or fraud, or if the Board of Directors determines that a Director, etc. engaged in significant misconduct during his or her term of office, the Board of Directors may, following deliberation by the Nomination, Compensation and Governance Committee, restrict the payment of stock-based compensation or demand its return.

(6) Voting rights of the Company's shares held in the Trust

For the Company's shares held in the Trust, the voting rights are not exercised during the trust period to ensure the neutrality to the management.

(7) Treatment of dividend of retained earnings of the Company's shares held in the Trust

Dividend of retained earnings on the Company's shares held in the Trust shall be received by the Trust to be appropriated for its trust fees and expenses. If there is any dividend remaining at the close of the Trust after using dividends for trust fees and expenses, such dividend shall be paid to the Directors, etc. who meet given beneficiary criteria and become beneficiaries of the Trust based on the trust agreement at the close of the Trust.

(8) Other details of the System













Other details of the System shall be determined by the Board of Directors each time the Trust is set up, a trust agreement is changed, and an additional contribution is made to the Trust.





(Reference)

Subject to the approval of this Proposal as proposed, the Company plans to cover directors of certain subsidiaries of the Company as the subject of the System under the same trust. The compensation for directors of certain subsidiaries of the Company shall be established separately from the compensation subject to this Proposal and is scheduled to be submitted to the shareholders' meeting of these subsidiaries.





Reference



The skills matrix showing the expertise and knowledge that the Company expects in particular from candidates for Director who are not Audit & Supervisory Committee Members is as follows:

Candidate Number	Name	Nomination, Compensation and Governance Committee	Audit & Supervisory Committee	Experience and expertise									
				Management strategy	Technology and development	Financial and capital policy	Global business	Legal affairs, risk management	IT DX	Sustainability	Former company/Qualification		
1	Masaharu Shibao 												
2	Michihiro Fukuo 												
3	Han Sagong 												
4	Yoshio Kometani   												General trading company
5	Satoshi Yamahata   												Manufacturing
6	Yuka Miyagawa   												Manufacturing

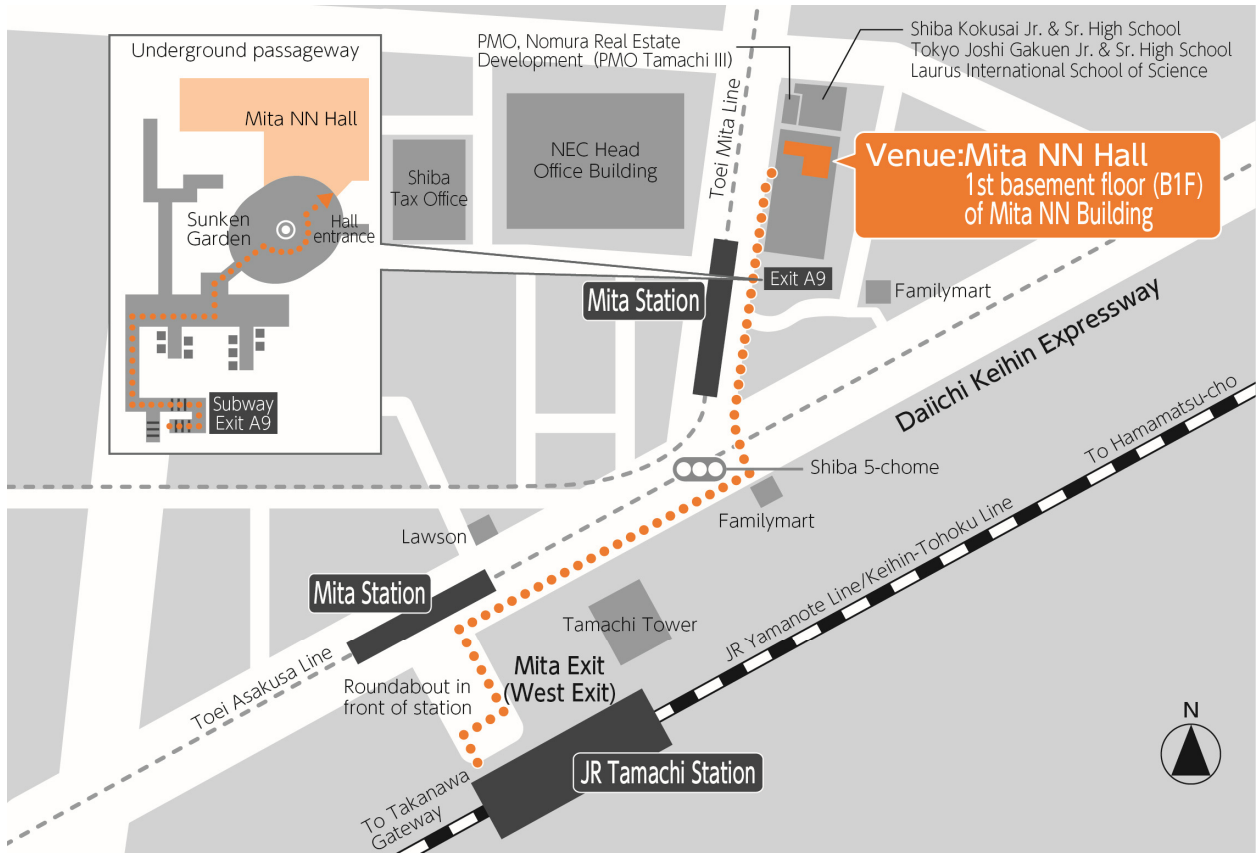
	Candidate for new Director		Candidate for reappointment as Director		Candidate for External Director		Independent officer as required by a stock exchange
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The skill matrix of present Directors who are Audit & Supervisory Committee Members is as follows:

Number	Name	Nomination, Compensation and Governance Committee	Audit & Supervisory Committee	Experience and expertise									
				Management strategy	Technology and development	Financial and capital policy	Global business	Legal affairs, risk management	IT DX	Sustainability	Former company/Qualification		
1	Toshiki Yauchi		<input type="radio"/>										
			Chairperson										
2	Mitsuhiro Matsumoto  												Certified public accountant Tax accountant
3	Izumi Hayashi  												Lawyer

	External Directors		Independent officer as required by a stock exchange
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## Access to Venue of General Meeting of Shareholders



- \*JR Yamanote Line/Keihin-Tohoku Line
- \*Toei Asakusa Line/Mita Line

- Tamachi Station (about 5 minutes' walk from Mita Exit)
- Mita Station (about 2 minutes' walk from Exit A9)

(Request) We do not have a parking lot, so please do not come by car.

Shareholders who require wheelchair assistance are requested to contact us in advance.